As of 12 p.m. ET **DJIA** 10892.38 ▼ 0.14% **FTSE 100** 5679.64 ▲ 0.13% **Nikkei 225** 11089.94 ▼ 0.06% **Shanghai Comp.** 3109.11 ▼ 0.62% **Hang Seng** 21239.35 ▼ 0.63% **Sensex** 17527.77 ▼ 0.35% **S&P/ASX 200** 4875.52 ▼ 0.84%

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THE WALL STREET JOURNAL.

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Philippine Catholics commemorate Holy Week

Agence France-Presse/Getty Images

Residents in Cavite, near Manila, on Wednesday prepare crosses that will be used during the re-enactment this week of the crucifixion of Jesus. Roman Catholic bishops in the Philippines recently criticized the traditional Easter rituals of people publicly whipping themselves or having themselves crucified.

Google sees Web attack in Vietnam

By James Hookway

Security engineers at **Google** Inc. and computer security company **McAfee** Inc. said malicious software was used to spy on government critics in Vietnam in what analysts suspect is the second major example in recent months of an Asian country trying to quash dissent on the Internet.

China's firewall

■ Confusion over a recent Google Internet outage is an example of how China tries to cloak its censorship. 4

A posting on Google's online security blog Tuesday said the software has targeted "potentially tens of thousands" of people who downloaded software enabling them to type in Vietnamese, and that the software was used by unknown persons to attack blogs criticizing the government's policies. "Specifically, these attacks have tried to squelch opposition to bauxite mining efforts in Vietnam, an important and emotionally charged issue in the country," wrote Neel Mehta, a Google engineer.

McAfee went further, saying on its security blog that the software is an example of a politically motivated cyber attack. McAfee Chief Technology Officer George Kurtz wrote on the blog Tuesday that the perpetrators "may have some allegiance to the government of the Socialist Republic of Vietnam."

Vietnamese government officials didn't respond to requests to comment, and it was unclear who was behind the attacks. A Google spokesman declined to comment beyond the blog post. McAfee officials couldn't be reached.

Still, the attacks mirror a recent series of similar incidents in China, leading some analysts to suggest that Vietnam—which has launched its own crackdown on dissidents in recent months—was copying China's tactics in neutralizing the Internet as a tool for

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Technology

Acer's CEO says the company is poised for growth in China, a market where it has lagged behind its global rivals, as it looks to emerging economies to help it leapfrog past Hewlett-Packard. **Page 17**

Notice to Readers

The Wall Street Journal Asia won't publish Friday or Monday in observance of the Easter holiday. Breaking news and updates are available at asia.WSJ.com.

Dispute over Indus River dam threatens India-Pakistan talks

A feud over water between India and Pakistan is threatening to derail peace talks between the two neighbors.

The countries have harmoniously shared the waters of the Indus River for decades. A 50-year-old treaty regulating access to water from the river and its tributaries has been viewed as a bright spot for India and Pakistan, who have gone to war three times since 1947.

*By **Amol Sharma** in New Delhi and **Tom Wright** in Lahore*

Now, the Pakistanis complain that India is hogging water upstream, which is hurting Pakistani farmers downstream. Pakistani officials say they will soon begin formal arbitration over a proposed Indian dam. At a meeting that started Sunday, Pakistan raised objections to new Indian dam projects on the Indus River and asked for satellite monitoring of river flows.

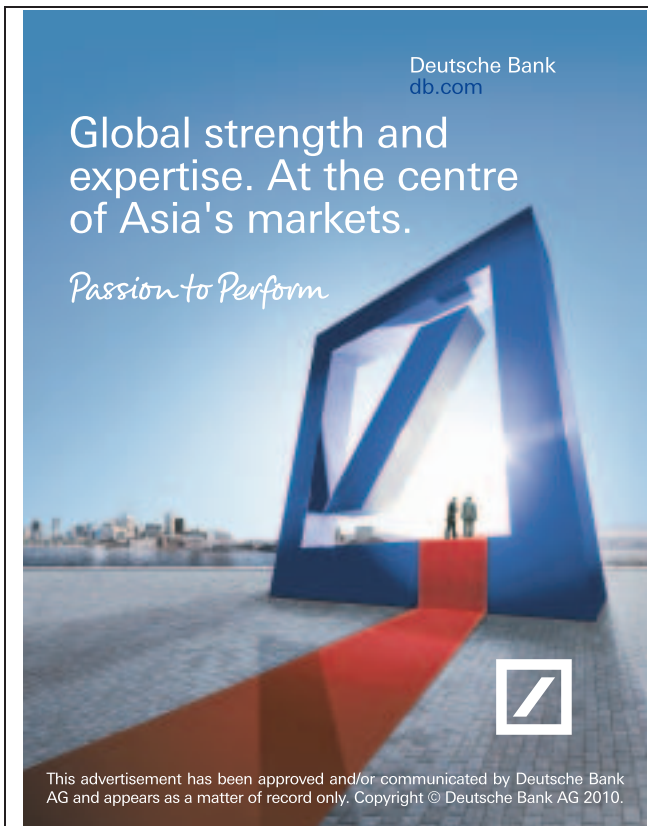
"Water I see emerging as a very serious source of tension between Pakistan and India," said Shah Mehmood Qureshi, Pakistan's foreign minister, in an interview Friday. He said he has raised the issue with Indian Prime Minister Manmohan Singh.

A senior Indian government official denied India is violating the treaty. He blamed Pakistan's water shortage on changing weather patterns and the country's poor water management. He called the strident rhetoric from Pakistani officials a "political gimmick...designed to place yet one more agenda item in our already complex relationship." Indian officials declined to comment on the record.

The latest dispute revolves around India's plans to build a 330-megawatt hydroelectric power project on the Kishenganga River, a tributary of the Indus. India says it is well within its rights to build the dam. The project has been on the drawing board since the late 1980s and is expected to cost about $800 million.

Pakistan says New Delhi's plans to divert the course of the river will reduce its flow by a third in the winter. That

Please turn to page 18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PAGE TWO

What's News—

* * *
Business & Finance

■ **U.S. investors poured** a record amount of money into new high-yield bonds during March, capping one of the greatest corporate-bond rallies in history. But a key driver of the rally, the Fed's huge mortgage-buying program that began in late 2008, ended Wednesday, and bond gains may be more limited from here. 3

■ **Investors embraced** new dollar bonds from Singapore's CapitaMall Trust and Hong Kong-listed New World Development, ending a record first quarter of global offerings from Asia. 26

■ **Electronics giant Sony** pushed ahead with its restructuring by striking deals to sell two factories, including an LCD television factory in Slovakia. 16

■ **Semiconductor maker** Renesas Electronics faces challenges in the need to rethink its dependence on the Japanese market and to reorganize overlapping operations. 16

■ **Cnooc's profit declined 34%** in 2009, squeezed by lower oil prices and higher operating costs, but the Chinese energy producer expects improvement this year as demand recovers. 12

■ **Australia's Macarthur Coal** rejected a $3 billion takeover bid from U.S.-based Peabody Energy, calling the offer too low. 19

■ **Samsung Life is seeking** to raise as much as $4.5 billion in an IPO that would be South Korea's largest stock offering. 19

■ **Huawei Technologies** reported its profit more than doubled last year amid rising sales, as the Chinese telecom-gear maker expanded into developed markets. 23

■ **Baosteel said its 2009 profit** declined 10% because of a sharp drop in export demand and falling product prices. 24

■ **Greece hopes to raise** between $5 billion and $10 billion with a global bond in late April or early May and plans to market it to investors in the U.S. and Asia. 6

■ **BHP entered into** a joint venture with an Adaro Energy unit for a coal project in Indonesia. 12

■ **Iron ore consumers** in Europe are stepping up complaints over the price of the raw material used to make steel, with prices forecast to nearly double this year. 12

■ **Rajawali sold a 23.66% stake** in Indonesian cement maker Semen Gresik in a $1.08 billion deal. 21

■ **Japan's Astellas will extend** a tender offer for U.S. drug developer OSI that values the company at $3.5 billon. 21

■ **Germany moved toward** a new bank levy to cover the cost of future bailouts, and France said it would pursue a parallel effort, as leading world economies weigh strategies for curbing speculation and preventing future crises. 8

■ **The DJIA was slightly** lower, as gains by oil-exploration companies and financial firms offset losses linked to disappointing jobs news. Asian stocks declined modestly. 27

* * *
World-Wide

■ **Suicide bombers killed** 12 people in the Russian region of Dagestan in attacks that officials said might be linked to Monday's bombings on the Moscow metro. 9

■ **The Obama administration** unveiled an offshore drilling strategy that expands oil and natural-gas exploration off the Atlantic, eastern Gulf of Mexico and northern shores of Alaska. 8

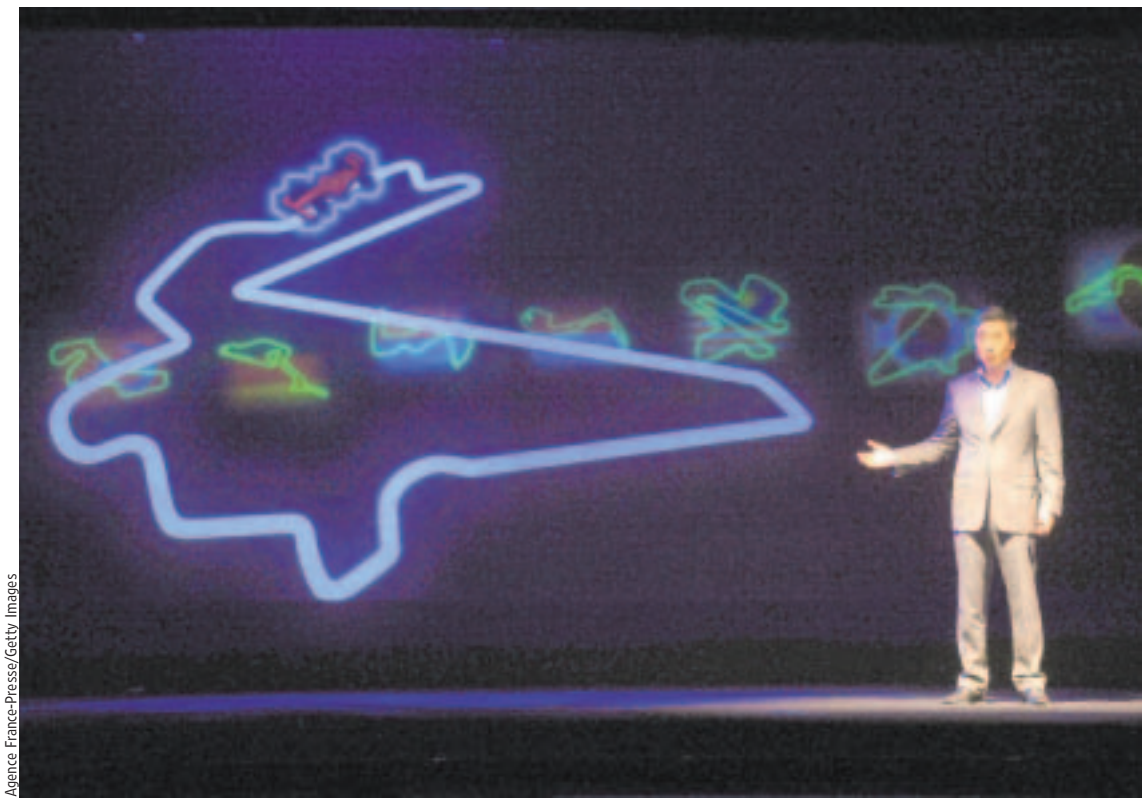
■ **China is paying** increasing attention to a relentless drought in its southwest, which a senior official said has left 24 million people short of drinking water. 4

■ **The discovery** of 21 dead fetuses and babies allegedly dumped along a river in the hometown of Confucius has provoked a bout of national soul-searching in China. 5

■ **Pakistan asked** Swiss authorities to reopen a graft probe of President Zardari, though the Swiss said the request hadn't been received and Zardari is immune from prosecution. 7

■ **India suspended** its medical aid and teaching missions in Kabul following the February bombing of a guest house in the Afghan capital that killed or wounded most the staff members. 7

■ **The Mumbai trial** of the Pakistani accused of being the only surviving gunman in the 2008 terrorist attacks has ended, and the verdict is expected May 3. 8



Agence France-Presse/Getty Images

Chung Yung-Cho, chief of the Korea Auto Valley Operation, presents a map of the race circuit during a ceremony Wednesday to launch ticket sales of the Korean Grand Prix in Seoul. Officials said the event, South Korea's first Formula One race, will take place October 22-24 and help to boost tourism in the country.

Inside

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WORLD NEWS

Bonds cap an epic comeback

By Mark Gongloff

Investors flooded risky companies with money in March even as the U.S. government prepared to shut down a key engine driving one of the greatest corporate-bond rallies in history.

A total $31.5 billion in new U.S. high-yield debt, otherwise known as junk bonds, hit the market through Tuesday, exceeding the monthly record in November 2006. Partly propelling the activity: The Federal Reserve's massive mortgage-buying program, which ended Wednesday.

By buying $1.25 trillion of mortgage securities, the Fed absorbed a flood of assets that otherwise would have needed buyers. That kept money in the hands of investors, who went searching for something else to buy. The Fed's underpinning encouraged investors to seek riskier, higher-yielding securities. A natural choice: corporate bonds.

The bond boom helped spur a rebound in the stock market and in the broader economy—recoveries that then, in turn, reinforced the bond rally. Investors poured a record $375.4 billion into U.S. bond mutual funds in 2009, while pulling out $8.7 billion from stock funds, according to data compiled by the Investment Company Institute.

On Tuesday, a closely watched index tracking U.S. high-yield-bond returns reached an all-time peak, capping an 82% run from its December 2008 bottom, according to Bank of America Merrill Lynch indexes. Even returns on normally stodgy investment-grade U.S. debt are up 35% from their October 2008 bottom. By contrast, major stock-market indexes are still below pre-crisis levels, and their returns have lagged behind those of bonds.

Just 18 months ago, in the depth of the financial crisis—when the nation's debt markets were frozen—this kind of activity was all but unimaginable. Lehman Brothers had collapsed and investors sold bonds indiscriminately to meet their short-term cash needs, just to survive. Doubts were growing about the survivability of even some of the world's most creditworthy firms.

Now, with the Fed's mortgage-buying program ended, the debate is turning to whether the economy can sustain the rally. The odds are increasing that corporate-bond gains may be limited from here, given the heights already reached, the government's reduced support and the risk of rising interest rates.

Much of the focus concerns the strength of economic growth, with many investors arguing that further market gains depend on a "Goldilocks" scenario—with growth neither too strong nor too weak—to continue. "If we have an anemic recovery, then most of the market is overrated," says Joe Ramos, lead fixed-income portfolio manager at Lazard Asset Management. "Everything from municipal bonds to corporate debt is rated too highly for the level of cash flow that can be generated."

He defines anemic as a recovery with gross-domestic-product growth a good bit slower than the 3% economists expect for 2010, along with stubbornly high unemployment. A too-strong recovery, on the other hand, would raise interest rates and could push investors out of bonds and into stocks.

Bullish investors counter that stronger economic growth and a quick drop in unemployment would lower the risk of corporate defaults and make debt an even safer bet. "Yields are still low, and there is still an insatiable demand for higher yield," says Jim Sarni, senior portfolio manager at Payden & Rygel. "That is what will be the self-sustaining mechanism."

The revival of bond fortunes has roots in the Fed's decision, around Thanksgiving 2008, that may have done more than anything else to encourage more investors to take a flyer on bonds. On Nov. 25, the Fed announced it planned to buy debt and mortgage-backed securities issued by housing-related government-sponsored entities such as Fannie Mae and Freddie Mac.

The program pushed mortgage-security prices higher, giving fixed-income money managers an incentive to sell to the Fed. In return, they had cash that had to be put to work. With Treasury yields at record lows, the best alternative remaining was corporate debt.

The Fed expanded this program on March 18, 2009, to buy $1.25 trillion in mortgage securities, along with $200 billion in debt of Fannie and Freddie and as much as $300 billion in long-term Treasury debt.

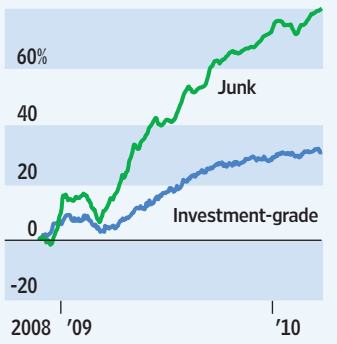
The Fed added to the buying pressure in December 2008 by slashing its target for the federal-funds rate to roughly zero. Thereafter, holding cash yielded nothing. And it cost next to nothing to borrow money to invest elsewhere.

"When you looked at the yield on corporate credit, it was really too good to be true," says Kathleen Gaffney, co-manager of the Loomis Sayles Bond Fund.

■ Bonds of New World Development, CapitaMall embraced by market... 26

Fed-fueled rally

Returns on corporate bonds have risen since the Fed started buying mortgage-backed securities in November 2008.



Source: Bank of America Merrill Lynch Indexes

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LOUIS VUITTON

China's censors thrive in obscurity

Google outage shows how 'great firewall' Internet filter system benefits from unpredictability and official silence

By Loretta Chao And Jason Dean

BEIJING—The confusion over a major outage in China of **Google** Inc.'s search sites on Tuesday spotlights one of the most remarkable aspects of the Chinese government's Internet censorship apparatus: It is designed to be obscure.

By Wednesday, access to the sites appeared to have returned to normal—searches for some terms, but not all, were blocked. Government officials declined to comment when asked if they were the source of Tuesday's outage, leaving the situation and Google's future in China a mystery for users.

China operates one of the most extensive and sophisticated Internet-filtering systems in the world, according to analysts who have studied it. The system, unofficially dubbed the Great Firewall after China's most famous ancient defense installation, blocks access to a range of foreign content, from criticism of China's leaders to information about sensitive historical events.

China generally doesn't tell its people when it is interfering with their Web access, unlike some other countries, such as Saudi Arabia, that give explanatory warning messages when users are denied access to forbidden sites.

Instead, China's filtering can look to users like a technical glitch—an error message in a user's browser that makes it seem like his connection to the Internet malfunctioned. Authorities don't discuss the methods or tools they use.

Isaac Mao, director of the Social Brain Foundation, a Shanghai-based Internet and new media research group, said the government's tactics cause users to "think it's just a problem with the server of some sites, not a problem with the Great Firewall."

This works to the advantage of authorities because people are more likely to tolerate or even support censorship if "they don't have a clear concept of the criteria," he says. Unpredictability also makes the system harder to circumvent.

Chinese authorities also maintain tight control of information such as print publications, digital music and film. As with Internet censorship, details of what is censored and how the censorship works generally aren't disclosed.

The Great Firewall's mercurial nature makes it hard to tell when authorities are stepping up their filtering efforts, and helps to explain how Google was befuddled on Tuesday over what caused its search sites to become unusable in China for nearly 12 hours.

Because the block was a departure from the regular workings of the Great Firewall, many users saw it as an attempt to target Google, likely in response to the company's refusal to comply with Chinese censorship. Google on March 22 stopped operating its self-censored Chinese site, Google.cn, and began redirecting users in China to the Hong Kong site—which China censors for users on the mainland.

China generally doesn't tell its people when it is interfering with their Web access. Instead, censorship appears to users as a technical glitch.

Google's first statement on the problem came more than seven hours after users across China started reporting that they couldn't execute searches on Google's Hong Kong site, Google.com.hk, and its main global site, Google.com.

In that first statement, Google blamed itself, saying that—for reasons it didn't explain—the company had started adding the letters "gs_rfai" into the Web addresses of all search results pages (every Google search produces a unique Web address encoded to return the right results). Because the string contained the initials for Radio Free Asia, an organization China's government dislikes, it triggered the Great Firewall to block access in China to all results pages, Google said.

About four hours later, Google issued another statement saying that the "rfa" string had actually been added into results addresses a week earlier, so that "whatever happened today ... must have been as a result of a change in the Great Firewall."

By Wednesday, Google posted a brief statement on its Web site saying it "will continue to monitor the situation, but for the time being this issue seems to be resolved."

It remains unclear what happened. China's Ministry of Industry and Information Technology, which oversees the Internet industry, declined to comment Wednesday, as did other agencies.

Web sites based in China such as Google's former Chinese search site and its rival Baidu.com, are required to remove search results containing forbidden material. Self-censored local sites are the most popular among Chinese users, in part because access to them is consistent.

The Great Firewall is used to screen content on sites based overseas, such as Google.com.hk. Much like its namesake, which is actually an array of fortifications built over centuries rather than a single Great Wall, the Great Firewall involves a number of different tools for controlling content.

On one level, access to some overseas sites, such as YouTube and Facebook, is blocked completely. Other sites are filtered with software that can interrupt access when it spots forbidden keywords. Users get a message saying their connections were "reset," or "timed-out." After a few minutes, they can access the sites again.

The filtering is often implemented by government-owned Internet service providers at the local level, so blocks often don't happen simultaneously or uniformly. The filtering pattern can seem random. Sometimes one sensitive search term alone won't trigger the interruptions, but a string of such keywords will.

Many Google users in China—accustomed to using Google.cn, which is inside the Great Firewall—have been confused by their experience using Google sites on the other side of the censorship divide, in part because the criteria for what triggers blocking are sometimes unpredictable.

For example, a search on Google.com.hk of the Chinese word for "carrot" causes an error message and temporary disruption of access to Google—apparently because one of its three characters is the same as the surname of Hu Jintao, China's top leader. Likewise, searching the word "warm" sparks the filter because it contains the character for the surname of Premier Wen Jiabao.

Mr. Mao says the carrot problem wasn't new. " 'Carrot,' " he says, seems to have been "part of censorship criteria for a long time."

Agecney France-Presse/Getty Images

A book lauding Google's business strategies is displayed for sale in Beijing Monday.

Under control | How China regulates the Internet

1. Local Web sites are required to filter their own content based on government regulations.
2. Some overseas Web sites, including Youtube, Facebook and Twitter, are blocked entirely.
3. The rest of the Web is filtered with technology that intermittently blocks sites that contain sensitive keywords.

Source: WSJ reporting

Drought in China draws attention from government

BEIJING—China's government is paying increasing attention to a relentless drought in the country's southwest, which a senior official said has left 24 million people short of drinking water.

The situation is unlikely to ease until late May, with the start of the rainy season, said Liu Ning, vice minister of water resources, at a news briefing Wednesday.

The drought has raised fears of inflationary pressures as the water shortage threatens to drive up prices for rice and other agricultural products. It has also drawn attention from environmentalists who wonder to what extent disruptions from China's massive construction of hydroelectric dams and reservoirs have contributed to the water shortages.

"This drought is the worst in a century, and it's another demonstration that our water supply system is on a very tight balance," Ma Jun, director of the Institute of Public and Environmental Affairs, a nongovernmental organization in Beijing, said in an interview Wednesday.

Mr. Ma said paper mills have recently planted crops of eucalyptus, rubber trees and other non-local species, reducing native forest areas that can hold excess water and release it in the dry season. "Logging, deforestation and general ecodegradation in that region ... has weakened the ecological capability to regulate water."

Mr. Liu said inadequate water-storage facilities and inadequate irrigation systems have worsened a situation caused by lower rainfall and higher-than-normal temperatures in the southwest. He said dam and reservoir projects were based on stringent research and debate, and they have actually helped to relieve water problems during the drought.

Around 6% of the country's 120 million hectares arable land is hit by the drought, with 80% in the southwest, Mr. Liu said.

Mr. Liu sought to allay concern around rising food prices due to the drought, saying it so far is concentrated in the country's southwest, where little of the country's grain is grown. But he said the drought could expand to the major grain-growing areas of the north. Already, there are early signs of drought in the northern wheat-growing areas, he said.

Prices of China's small-package rice have risen less than 3% since last October, when the drought started, while pork and egg prices have been falling for weeks, according to data from the Ministry of Commerce.

The drought has drawn attention from China's top leaders, with Premier Wen Jiabao declining an offer of water to drink from a villager during his recent visit to the drought-hit Yunnan province.

Authorities have said that people in the most seriously affected, mountainous areas may be forced to move if water resources dry up further, though Mr. Liu said Wednesday that such an "extreme situation" is unlikely to occur.

Dwindling water supplies and drought come just as China's rising wealth is increasing the demand for more water. McKinsey & Co. estimates China's demand for water will be 25% higher than its supply by 2030.

—Zheng Xiaolu and Jonathan Cheng

中国实时报
CHINAREALTIMEREPORT

The Wall Street Journal's China Real Time Report ***(blogs.wsj.com/chinarealtime)*** *recently looked at Chinese wind-turbine makers and Li Ka-shing's view on the outlook for the Hong Kong property market. Excerpts:*

Gone with the wind: turbine makers' luck

"A great wind is blowing, and that gives you either imagination or a headache." Catherine the Great surely was referring to capital-raising for China's wind turbine makers. As Dow Jones Investment Banker reports, for those businesses, a headache is more likely.

Last year was a good time for China when it became the largest wind market by annual installed capacity at 13 gigawatts, according to the Global Wind Energy Council.

Unfortunately that growth heralds overcapacity for Chinese turbine makers, suggesting a shake-out for some smaller names after 2009's aggressive build-out. That should, of course, play to survivors' advantage in the long term.

Favorable macro-tailwinds and preferential policy over the past five years have helped China's wind industry. For example, farm operators are aided by on-grid tariffs for wind being higher than for fossil fuels, while local component makers gain from rules ensuring that at least 70% of turbine components, by purchase value, are made domestically.

And in the seven years to 2008, electricity generation grew at a compound annual growth rate of 12.8%.

And the bad news?

First: Friendly market-share rules don't translate into supporting margins when newcomers flood in.

Turbine makers have increased from six before 2005 to around 70 today. Meanwhile, **Xinjiang Goldwind Science & Technology** Co. Ltd., one of China's top three turbine manufacturers by sales, saw its margins for earnings before interest and tax decline to 16.7% last year from 21.5% in 2006.

Smaller, unlisted firms likely experienced a similar trend, aggravated by lower margins given their higher operating leverage.

With farms shifting toward larger turbine sizes, manufacturers are being pushed into capital expenditure for new production and research and development in an already highly competitive market.

Additionally, big farm operators gravitate to suppliers with a performance history, which favors larger, established outfits. **China Longyuan Power Group** Corp.—China's largest wind-farm operator by capacity—sourced three-quarters of its turbine capacity from Gamesa and Goldwind at the end of June 2009. This implies the domestic component sector is primed for realignment, especially among the second-tier makers. That isn't a great backdrop for listings or capital raising but survivors' margins should benefit from less competition.

Wind farm operators—**China Huaneng Group** and **China Datang** Corp.'s renewable power unit—may have better prospects given superior earnings visibility over turbine assemblers. Longyuan floated in Hong Kong in December. It has outperformed the MSCI China index by 5.9% since debuting—yes, with a somewhat erratic trajectory—making it one of Hong Kong's more successful IPOs since December.

Still, Chinese wind farm operators may still have their work cut out convincing investors that now is the time to bet on wind.

—Jamie Miyazaki

Caution on property

Li Ka-shing's message to prospective Hong Kong property buyers: Be careful.

When Hong Kong's most powerful billionaire tycoon speaks, the city listens—especially when he speaks about that perennial Hong Kong hot topic: real estate.

Home prices have risen rapidly in the past 15 months, sparking concerns about a possible bubble in the market. While urging caution, Li avoided the "B" word on Tuesday while answering questions at the results press conference for his two flagship companies, **Hutchison Whampoa** Ltd. and **Cheung Kong** (Holdings) Ltd. Instead, he praised government officials for their effective use of mortgage-tightening measures and tough talk to keep the market in line.

"I think the Hong Kong government has already tried its very best" to keep prices stable, Li told a throng of reporters. "I think the government has done a nice job."

The annual results conference usually affords the biggest opportunity for local journalists to dig for soundbites from Li, who is known to many in Hong Kong simply as "chiu yan," or "superman," for his investing prowess.

Referring to past statements in which he has recommended citizens buy property if they have extra cash, Li grinned and said: "If people bought when I suggested, they would have done very well."

In mainland China, where Beijing officials are focusing on land hoarding by real-estate developers, Li said his companies hadn't ever been challenged by authorities.

Not everyone in the Li clan has been as fortunate. During March, Beijing municipal authorities banned a company controlled by Li's younger son, Richard, from making future land acquisitions in the city after the company allegedly failed to proceed with work on a real-estate project in the city in a timely manner. A spokesman at the time said company officials were seeking more information about the incident and declined to comment further.

The elder Li cautioned observers Tuesday against reading too much into that matter. "You can't just look at what's on the surface, or you'll misunderstand," Li said, without elaborating.

Mostly, the tycoon left the property market commentary to elder son Victor, seated to his right, who summed it up this way: "In the end, property is a question of supply and demand—and in Hong Kong, supply is limited and demand is growing."

—Jonathan Cheng

China babies case shows culture split

By Gordon Fairclough

SHANGHAI—The discovery of 21 dead fetuses and babies allegedly dumped along a river in the hometown of Confucius has provoked a bout of national soul-searching, and highlighted the gap between the values of newly affluent urban China and the traditional attitudes that persist in many less-developed parts of the country.

Amid the online outcry that erupted following media reports of the grim discovery Monday in Jining, a city in Shandong province recognized as the birthplace of the ancient Chinese philosopher, China's state-run Xinhua news agency Wednesday carried a story blaming the incident on "local custom and a lack of regulation."

Police detained two morgue workers from the Affiliated Hospital of Jining Medical University, the hospital said. Authorities said the men had been paid to dispose of the bodies, and had secretly taken them to a river bank for burial, but failed to complete the job.

The bodies—some in diapers, at least one in a plastic bag marked "medical waste"—were found under a bridge. Eight of them still had hospital identification tags around their ankles. The local health bureau issued a public apology for failing to adequately supervise the hospital's handling of human remains.

Cao Yongfu, deputy director of the Medical Ethics Institute at Shandong University, said in an interview that traditionally some parents don't view a fetus or a baby who died in the first days of life as "one of their family members." He said such views could cause them "not to care much about the dead babies."

He added that "every parent has the right and obligation to arrange a funeral for their kids." But he said current law is vague on how to properly handle dead bodies, especially those of fetuses or newborns.

Xinhua cited Ma Guanghai, the deputy dean of Shandong University's School of Philosophy and Social Development, as saying that in some poor, rural parts of China, parents are reluctant to take the bodies of dead babies home for burial. He said abandonment of dead babies was a holdover from days of high infant mortality. Police didn't disclose any count of the sex of the bodies or how many were full-term.

Another academic, Cui Shuyi, a researcher in the demography institute of the Shandong Academy of Social Science, said that among rural Chinese, the traditional preference for boys over girls can lead to the abandonment of dead baby girls. The bodies of babies born out of wedlock are also sometimes discarded, he said.

Thousands of people have commented on the Jining case online. Web portal Sina.com on Wednesday said a story about the case ranked third in terms of comments. Another account of the incident was ranked as the most-viewed on another big portal, Netease.

—Bai Lin contributed to this article.

WORLD NEWS

Greece plans global bond offering

By Nick Skrekas and Costas Paris

ATHENS—Greece is planning to raise up to $10 billion in the coming weeks even though officials say they are frustrated that the country's borrowing costs haven't fallen in the wake last week's rescue pledge from its fellow European nations.

Last week's reassurance by the European Union that the bloc wouldn't let Greece default was meant to lower the amount of interest Greece must offer to attract the new money it desperately needs.

A week later, that hasn't happened, raising expectations that the EU, together with the International Monetary Fund, will need to step in and bail Greece out.

Yet it's unclear how much further Greece's financial position has to deteriorate before the EU would agree to intervene.

Germany, which would bear much of the cost of a potential rescue, has made it clear that it doesn't regard Athens' current financing burden as justification for intervention. Some economists warn, however, that if Germany and other EU countries push off a rescue for too long, they risk allowing the crisis to spin out of control.

On Monday, Greece sold a €5 billion ($6.71 billion), seven-year bond. But even its high 6% interest rate failed to attract heavy demand. The following day, Greece sold €390 million of an old bond issue, again at around 6%, but it had sought up to €1 billion. That is twice what the German government pays on comparable debt.

The high premiums suggest that investors aren't persuaded that Greece can emerge from a deep fiscal crisis—its budget deficit was nearly 13% of gross domestic product last year, more than four times the EU limit. That raises questions of how long the country can manage to pay steep rates to refinance its old borrowings.

More than €20 billion of debt comes due in April and May.

Compounding the woes, on Wednesday, Moody's Investors Service downgraded five Greek banks because of "the country's weakening macroeconomic outlook."

According to Markit, the annual cost of insuring €10 million of Greek debt against default for 10 years rose Wednesday to €340,000 from €335,000.

A senior Greek government official said Athens would solicit investors in the U.S. around April 20 and in Asia a week later for a dollar-denominated bond. The official said little government debt is held by Asian and American investors, and "it's a good time to tap their interest."

The high premiums on Greek debt suggest that investors aren't persuaded that Athens can emerge from its deep fiscal crisis.

Greek finance officials have said they would like the difference between Greek government bond yields and lower German yields to fall to as low as two percentage points. Instead, Greece is now paying about a 3.3-point markup in the market, adding significantly to interest costs.

"There is some frustration that spreads on Greek bonds remain stubbornly high," said the senior government official.

Another Greek government official faulted the lack of specifics on how and when the EU support mechanism, which at German insistence would include a contribution from the International Monetary Fund, would be activated.

"The vagueness of the EU support package is keeping the spreads high," this official said. The EU's statement said euro-zone countries would lend Greece money as a last resort if "market financing is insufficient." What that means wasn't spelled out.

A key provision bothering Greeks is that only a unanimous decision by euro-zone leaders can activate the aid program. That effectively gives Germany, which is reluctant to hand out aid, a veto over writing the check.

The persistently high rates leave the Greek government in a tough spot as it tries to cut down its massive budget shortfalls, said Commerzbank AG analyst Lutz Karpowitz in a note to clients.

"Higher interest payments eat up any savings made," he said. "This is affecting the euro as it is becoming increasingly likely that Greece will not be able to solve its problems on its own accord."

The euro remains under pressure this week and was trading Wednesday at around $1.3544, sharply off highs seen earlier this year.

Adding to the uncertainty is a stormy domestic political situation. Greece's leaders have pushed though stiff budget cuts and tax hikes, but not without stoking popular discontent.

That has investors concerned that the government won't be able to make the tough cuts stick.

On Wednesday, Greek lawyers and notaries public began a two-day strike to protest a new 21% tax on their services.

That action added to the rash of strikes and demonstrations against budget cutbacks so far this year.

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WORLD NEWS

Indian efforts in Kabul suspended

Medical and teaching missions are suspended until summer following February's attack on staff, diplomat says

By Matthew Rosenberg

KABUL—India temporarily suspended its medical aid and teaching missions in Kabul following the February bombing of a guesthouse in the Afghan capital that killed or wounded most the staff members.

Both programs should be up and running again by the summer, when many of the staffers who were wounded return and volunteers step forward to replace those slain, said an Indian diplomat in Kabul on Wednesday. Six Indian nationals were among the 17 killed in the attack. It isn't clear how many were wounded.

Medical missions in four other Afghan cities are still operating, said an Indian official speaking from New Delhi. Those missions treated about 320,000 Afghans in 2009, according to India's foreign ministry.

India's prominent role in rebuilding Afghanistan—it also has donated more than $1.5 billion in the past nine years—has made it one of the key non-Western backers of President Hamid Karzai. But that, in turn, has nurtured a quiet proxy battle for influence here between India and Pakistan, which has traditionally viewed Afghanistan as within its sphere.

U.S. officials and experts believe Pakistan's fears of an Indian-allied government in Kabul are a major reason why Pakistan has allowed the Taliban to operate from its territory and, at times, provided material support to the insurgents.

Pakistan denies aiding or sheltering the Taliban, and the Inter-Services Intelligence, Pakistan's spy agency, has in recent months arrested a number of top Afghan insurgent leaders.

Indians interests in Afghanistan, meanwhile, have faced repeated attack from the Taliban and its Islamist allies.

Indian officials allege that the two most visible attacks in recent years—car bombings of the Indian Embassy in Kabul last year and the year before—were carried out with assistance from elements of the ISI. U.S. officials have backed up those allegations in investigations, although Pakistan denies any role in either attack.

The Indian official in New Delhi said his government was still investigating the bombing and subsequent raid in February on the guesthouse, which was a favored residence of Indians. But he said its initial findings matched those of Afghan and U.S. intelligence: that the attacks were a joint operation of the Haqqani network, a major Taliban faction linked to both embassy bombings, and Lashkar-e-Taiba, a Pakistani militant group that typically focuses on targets inside India. The 2008 attack on Mumbai was Lashkar's handiwork, for example.

The six Indians killed in February included a doctor from the army's medical corps and a member the army's education corps, according to India's foreign ministry. Other army doctors, and the only other educator in Kabul, were wounded in the attack and flown back to India for treatment, the diplomat said, forcing the temporary closure of the medical and teaching missions.

The diplomat said neither mission had any military function. Soldiers were employed because civilians won't take the security risk otherwise, the diplomat said.

Apart from official government missions, Indian executives play key roles in a number of Afghan telecommunications companies and banks.

European Pressphoto Agency

Afghan President Hamid Karzai, center, with Vice President Muhammad Qasim Fahim, left, view site of deadly avalanche.

Pakistan asks Swiss for Zardari inquiry

By Zahid Hussain

ISLAMABAD—Pakistan's anticorruption agency on Wednesday asked Swiss authorities to reopen a graft investigation of President Asif Ali Zardari on the orders of the country's top judge.

The move ratchets up the battle between Mr. Zardari and Supreme Court Chief Justice Iftikhar Mohammed Chaudhry, whose court in December overturned a 2007 amnesty that shielded the president and thousands of other politicians from corruption investigations.

Geneva's public prosecutor Daniel Zappelli said Wednesday that Swiss authorities hadn't yet received the Pakistani request, adding that he couldn't reopen the case against Mr. Zardari because he enjoys immunity as a head of state, the Associated Press reported.

Mr. Zardari spent 11 years in prison in Pakistan on corruption allegations, but he hasn't been convicted in a Pakistani court. He has consistently denied allegations.

In 2003, a court in Geneva found Mr. Zardari and his wife, former Prime Minister Benazir Bhutto, guilty of laundering kickbacks from a Swiss company, but the verdict was overturned on appeal. A subsequent Swiss investigation into the allegations was dropped in 2008 at the request of Pakistan, following the amnesty decree.

But since Pakistan's Supreme Court struck down the decree in December, it has been pressing Pakistan's National Accountability Bureau anticorruption agency to revive case files of the thousands of politicians and former officials who had been shielded by the amnesty.

Mr. Chaudhry on Tuesday gave agency Chairman Naveed Ahsan 24 hours to reopen the case against Mr. Zardari or face jail. Mr. Ahsan said on Wednesday he had sent a letter to Swiss authorities asking for the reopening of the investigation of money-laundering allegations against Mr. Zardari.

Mr. Chaudhry this week also questioned Mr. Zardari's immunity to prosecution as a head of state, saying neither the president nor any government representative has yet to claim exemption before the court.

Farah Ispahani, a spokeswoman for the president, said the president has immunity at home and abroad from prosecution.

The fight between Mr. Zardari and an increasingly muscular judiciary threatens to mire Pakistan in political infighting and could further weaken the president.

Mr. Chaudhry rose to prominence in 2007 when he was fired and put under house arrest by then-President Pervez Musharraf, an army general who took power in a coup. A lawyers' movement took to the streets to protest the move, destabilizing the government. Mr. Musharraf was forced to step down in 2008. He was succeeded by Mr. Zardari, who was democratically elected. Lawyer protests in March, 2009 forced Mr. Zardari to allow the reinstatement of Mr. Chaudhry and dozens of other fired judges.

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WORLD NEWS

Trial for the attack in Mumbai finishes

Verdict in Kasab case is expected on May 3

By Arlene Chang

MUMBAI—The trial of Mohammed Ajmal Kasab, the Pakistani man accused of being the only surviving gunman of the 2008 attacks on India's financial capital, ended in an Indian court Wednesday. The verdict is due to be delivered on May 3.

More than a year after the Mumbai police filed charges against Mr. Kasab, the prosecution and the defense made their final arguments in the case heard in a special court by Judge M.L. Tahaliyani.

"This is the fastest closure of a terrorist trial in our judicial history," said Ujjwal Nikam, the public prosecutor in the case. "And, through the atrocities of Kasab, we have exposed the Lashkar-e-Taiba."

Lashkar-e-Taiba is a Pakistan-based militant group suspected of coordinating terrorist attacks in India. It has been accused of carrying out the Mumbai attacks, which started on Nov. 26, 2008, and killed more than 160 people. The attacks lasted three days and targeted luxury hotels, a cafe and a Jewish center in Mumbai. The dead included six Americans.

Associated Press

Mohammed Ajmal Kasab

Mr. Kasab, a Pakistani national who is in his early 20s, was charged with waging war against India, criminal conspiracy and the murders of 166 people.

At one point after his arrest, Mr. Kasab confessed to police to being one of the attackers, but he later retracted his statements. When his trial began early last year, Mr. Kasab pleaded not guilty, though in July he told the court he was guilty. In December 2009, the accused man said he had been framed and tortured.

Mr. Kasab's defense counsel, K.P. Pawar, said his client was falsely implicated and forced to confess to the attacks. "I tried my level best to place before the court that the confession is a manipulated document and there's not an iota of truth in it," Mr. Pawar said in an interview.

At the trial, Mr. Kasab said he was picked up by police weeks before the attacks, while looking for a hotel, because he was from Pakistan. He said it was only after the attacks that he was brought out to take the blame because he resembled one of the gunmen, who was photographed holding an AK-47 rifle at a rail station where some victims were killed. Mr. Kasab said he then was tortured and forced to sign a confession.

The public prosecutor, Mr. Nikam, said he thought the trial went well. "I cannot comment on the verdict, but we will see if there are any other steps to be taken, after the verdict is announced."

The prosecution questioned 656 witnesses in the case, including two National Security Guard commandos, who led the teams in operations to fight the terrorists.

The prosecution says that all 10 gunmen who launched the attacks were Pakistani nationals backed by Lashkar-e-Taiba.

Obama sets drilling plan

By Ian Talley
And Stephen Power

WASHINGTON—The Obama administration unveiled a new offshore drilling strategy that expands oil and natural-gas exploration off the Atlantic, eastern Gulf of Mexico and Northern shores of Alaska.

President Barack Obama said Wednesday that it was part of a broader energy strategy and called on U.S. lawmakers to work together to pass comprehensive energy and climate legislation to curb greenhouse gases.

The announcement, a response to a Republican rallying cry to "drill, baby, drill," gives the administration leverage to entice the GOP and moderate Republicans to support a bipartisan proposal being crafted by a trio of senators. "I know that we can come together to pass comprehensive energy and climate legislation that will foster new industries and millions of new jobs protecting our planet and helping us become more energy independent," Mr. Obama said in a speech at Andrews Air Force Base in Maryland.

Mr. Obama and Interior Secretary Ken Salazar said the administration plans to keep off-limits the Pacific and Bristol Bay in Alaska, an ecologically rich region off the North Aleutian shore.

The administration plans to open a large swath in the eastern Gulf of Mexico, and will consider development in the mid- and south Atlantic regions. The president said it would also support development of previously leased areas off the northern Alaskan slope, such as the Chukchi Sea, where Royal Dutch Shell has spent billions of dollars for exploration rights.

To open up the eastern Gulf, Mr. Obama needs to get Congress's permission. It will take several months to begin studying how much oil exists off the Atlantic coasts.

The idea of expanding offshore drilling has taken on increased importance in the broader debate over climate and energy legislation. The Obama administration and congressional Democrats are working with Sen. Lindsey Graham (R., S.C.) to draft legislation aimed at reducing U.S. emissions of heat-trapping gases linked to climate change. With at least several Senate Democrats expected to oppose such legislation, Mr. Obama needs Republican votes to pass it. Mr. Graham has said such a bill would have to include an expansion of offshore drilling.

Getty Images

A PennzEnergy platform in the Gulf of Mexico. Industry eyes the eastern Gulf.

Expanding drilling was a rallying cry for Republicans during the 2008 presidential campaign. Mr. Obama has said he is open to expanding offshore drilling on certain conditions. But Mr. Salazar extended by 180 days the deadline for public comment on a proposal issued under the Bush administration that would allow energy companies to drill for oil and natural gas in half a dozen areas off U.S. shores that had previously been off limits.

Mr. Salazar has spent much of the past year weighing public comments on the proposal, as well as a ruling by the U.S. Court of Appeals for the District of Columbia Circuit that found the Bush administration failed to conduct required environmental analyses of the impact of offshore drilling.

Environmental groups and many Democrats from coastal states have opposed expanded offshore drilling, citing the environmental risks associated with spills.

"We cannot support legislation that will mitigate one risk only to put our coasts at greater peril from another source," 10 coastal state Democratic senators said in a letter last week to Sen. Graham and Sens. John Kerry (D., Mass.) and Joe Lieberman (I., Conn.), who are collaborating with him.

Mr. Obama unveiled his plan at a delicate time for oil and gas companies. Shut out of resource-rich parts of the world like the Middle East and Russia, many oil majors view the deep waters off the southern U.S. as a key source of exploration.

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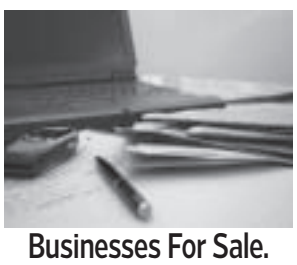

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Bank levy plan eyed in Europe

By Andrea Thomas
And Patrick McGroarty

BERLIN—Germany on Wednesday moved toward a new bank levy to cover the cost of future bailouts, and France said it will pursue a parallel effort, as leading world economies weigh strategies for curbing speculation and preventing future crises.

A proposal approved by the German cabinet would include an annual levy on banks' balance sheets, excluding customers' deposits that could generate up to €1.2 billion ($1.6 billion) annually. French Finance Minister Christine Lagarde, who participated in the German cabinet meeting that discussed the levy, said French officials would unveil their own plan "very soon."

"The German considerations are very useful," Ms. Lagarde said.

"We are supporting the introduction of bank resolution regimes in all EU member states," France and Germany said in a joint statement Wednesday. The French and German governments said they want to be able to intervene early if a bank is tottering and to wind down systemically important banks, including crossborder ones. The aim is to "impose market discipline and protect public funds," the statement said.

German Finance Minister Wolfgang Schäuble, who joined Ms. Lagarde at a news conference after the meeting, said that Germany's levy should be compatible with similar moves by other governments, and that he and Ms. Lagarde planned to press partners from the euro zone and the Group of 20 economies to take similar actions.

But, Mr. Schäuble said, Germany won't wait for a broader European plan before enacting its own levy.

"Our aim is to find a rule that provides sufficient incentives to reduce systemic risks, if possible, and which at the same time doesn't harm banks' ability to accompany the economic recovery process or the restructuring process," Mr. Schäuble said, adding that the levy is likely to raise €1 billion to €1.2 billion a year.

Germany's move comes amid voter unhappiness at having to cover many of the costs of the financial crisis. "This has a psychological relief function for the government, which has provided billions of euros to the restructuring of banks," said Gerd Langguth, professor for political science at the University of Bonn. "Many voters are angry about the failure of bank executives for which they have to pay with taxpayers' money."

Mr. Langguth added that the timing of the measure is linked to crucial state elections in North Rhine-Westphalia, though the polling is "not the sole reason for" the levy. In those state elections on May 9, Chancellor Angela Merkel's center-right government risks losing its majority in Germany's upper house of Parliament if her conservative Christian Democratic Union and Free Democrats are voted out of office.

Germany and France are among a handful of countries pursuing proposals to tax large banks, with similar measures under study in the U.S., the U.K. and Sweden. Ms. Merkel wants Germany's levy to set the tone for regulations that could be discussed by G-20 leaders in Canada in June.

—Nathalie Boschat in Paris contributed to this article.

WORLD NEWS

Blasts in southern Russia claim 12

Kremlin links suicide-bombing campaign against Dagestan's police with Monday's subway attacks in Moscow

By Gregory L. White

MOSCOW—Suicide bombers killed 12 people in the Russian region of Dagestan early Wednesday in attacks that top officials said might be linked to Monday's deadly bombings on the Moscow metro.

The latest attacks fueled fears that Russia could be in for a new wave of terror strikes by Islamist groups from the North Caucasus.

Prime Minister Vladimir Putin told a cabinet meeting that the same group could be behind both attacks this week, while President Dmitry Medvedev described them as "links in the same chain."

But while Monday's metro bombings, which killed 39, were the first terror attacks in the capital in six years and shook Russians' sense of security, blasts such as Wednesday's have become common in the past year or so in ethnically divided Dagestan. The targets have typically been law-enforcement officials. In Wednesday's strike in Kizlyar, near the Chechen border, nine of the dead were police officers.

The first bomber, in an SUV with police markings, detonated his device after two road policemen tried to stop his vehicle as it drove toward the town's police station, officials said. About 15 minutes later, the second bomber, dressed in a police uniform, detonated in the crowd of investigators that had gathered. Among those killed was the town's police chief.

A police spokesman said the driver of the SUV had been identified as a local resident suspected of ties to Islamist groups.

In Moscow, officials released few details about the investigation into Monday's attack, other than to confirm that it is focusing on the North Caucasus. Officials said investigators were seeking relatives of Islamists killed in recent raids by security services. In Moscow, the police chief said officers were checking districts of the city with large populations from the region.

European Pressphoto Agency

Investigators in Kizlyar, southern Russia, work the site of a bombing that killed 12 people, including nine police officers.

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Hong Kong restaurants pair wine with cheese and seminars

High-end establishments find novel ways to stand out in city's crowded dining scene; getting fitted for a suit

By Jake Lee

Caprice at the Four Seasons Hotel in Hong Kong has three Michelin stars for its French cuisine, and enjoys stunning views over Victoria Harbour and the Kowloon Peninsula. But some connoisseurs are coming to the restaurant for something else entirely: cheese

A specially designed cellar, kept at a chilly 10 to 12 degrees Celsius, holds an eclectic range of 35 rare cheeses, aged for up to four years, including some that can't be found anywhere else in Asia.

Caprice's latest draw, opened last year, is part of a trend that is creeping through Hong Kong's crowded fine dining scene, where high-end restaurants are finding novel ways to stand out.

In addition to extensive collections of expensive cheeses, some restaurants are hosting seminars for budding oenophiles in high-tech wine cellars, while one British-themed restaurant has even partnered with a top-end menswear retailer.

The trend reflects the city's relatively strong economy and a thriving foodie culture—the number of Michelin-starred restaurants the city boasts jumped to 42 in its 2010 edition, from 22 in the 2009 guide, the first year it was published for the city. Added to that is a healthy appetite for luxury that has seen the world's most expensive truffles end up in Hong Kong hands, while rare whiskies and wines have sold for record auction prices in recent months.

The Hong Kong-based Kee Club—a private members club and restaurant that caters to the city's bankers and creative-types alike—was invited by Alfred Dunhill to operate Alfie's, a new restaurant within the clothier's new flagship store in the city's Central district. The restaurant also houses a premium wine store from Berry Bros. & Rudd, wine merchants for Queen Elizabeth II.

"We're just creating a fun environment," said Alfred Dunhill Managing Director Mark Newman.

The restaurant, featuring leather couches and decorated with bowler hats, offers a fine-dining take on British classic food.

"We were looking for something in Hong Kong, and our customers here have clearly a developed appreciation and interest in wine," said Mr. Newman. "The longer they linger, the more they spend."

Caprice at Four Seasons Hotel

What's so special: *One of only two Hong Kong eateries to boast three Michelin stars.*

Off the Menu: *High-tech cellar housing rare cheeses.*

Expect to spend: *195 Hong Kong dollars (US$25) for cheese selection.*

In Caprice's exclusive cheese cellar, manager Jeremy Evrard serves up rare cheeses on a giant slab of cherry wood from Germany.

"It catches the attention of everybody. You bring it out and then everybody wants it," says Mr. Evrard. "People think that in Hong Kong they don't like cheese, but I can tell you...we present the stinkiest cheese I can find and they love it.

For HK$10,000 minimum, small groups are entertained with tailored wine, cheese and food pairings. The private wine and cheese room looks out onto the theater of the open kitchen. Special fridges hold the restaurant's best wines and a small, heavy door leads off to the cheese cellar, home to some of the best fromage in Asia.

Four Seasons

Caprice at the Four Seasons serves rare cheeses, which it stores in its cheese cellar.

Alfie's features floor-to-ceiling wine refrigerators and offers suit fittings at the restaurant.

Classified flies in cheeses three times a month.

Amber's 'Epicurean Series' runs monthly and hosts winemakers who are passing through Hong Kong.

From bottom: The Landmark Mandarin Oriental; Classified; Berry Bros & Rudd

Alfies and Berry Bros. & Rudd

What's so special: *Berry Bros.' started supplying wine to the British Royal Family around the end of the 18th century.*

Off the Menu: Restaurant/clothier/wine emporium

Expect to spend: *Wine bottles start at HK$500 and go upward fast*

Without leaving the store, you can get fitted for a suit, browse expensive wines, and sit down to jazzed-up prawn cocktails or "bangers & mash" (sausages and mashed potatoes).

The Alfie's hook-up is Berry Bros.'. The cellar features floor-to-ceiling wine fridges, black marble floors, and chocolate-brown vintage stressed leather chairs. Customers can pick from a selection of Berry Bros.' top 1,000 bottles and for a HK$200 corkage fee, drink it at their table in the adjoining modern-British restaurant. For bottles that cost more than HK$3,000, such as the 2004 Château Pétrus at HK$13,350, corkage is waved.

"Wine can be very intimidating so this is also to make it more accessible to people," said Berry Bros.' Managing Director Nicholas Pegna.

Classified

What's so special: *Its sister café called Mozzarella Bar focuses just on Mozzarella cheese.*

Off the Menu: *Glass cellar features specially flown in cheeses.*

Expect to spend: *HK$115 for baked Camembert with truffles.*

"It's about how to stand out from the crowd," says Denise Leicester, marketing director at the Press Room group which runs Classified, a cheese and wine focused restaurant in the trendy neighborhood of Soho. "It's a natural evolution that wine and cheese go together."

Customers are free to browse in the glass cheese cellar at the center of the restaurant which contains a range of 20 to 40 cheeses flown in three times a month, with different types depending on the season. Unpasteurized, slightly sweet Comté cheese from France is usually the most popular.

Mrs. Leicester says the previously mostly expat crowd is now giving way to a larger number of locals. "There are a lot of curious palates out there," said Mrs. Leicester. "We encourage people to go in, try, smell and taste and then decide."

Amber at The Landmark Mandarin Oriental

What's so special: *A giant chocolate-brown chandelier sculpture covers most of the dining room ceiling.*

Off the Menu: *Possibly the city's finest wine dinner program.*

Expect to spend: HK$3,488 for a multicourse meal with a winemaker

Tapping into Hong Kong's thirst not just for wine, but also for wine education, Amber's "Epicurean Series" runs monthly and hosts top winemakers who are passing through town. Star wines have included Bordeaux second-growth Château Gruaud-Larose and Chapoutier from the Rhone Valley in France. April's visitor is Spanish celebrity winemaker Alvaro Palacios, best known for his L'Ermita from Priorat, Spain.

"The discussions are often very knowledgeable and can go very deep," says restaurant manager Thomas Combescot.

To keep the evening as intimate as possible, numbers are limited to 20, and diners eat the carefully paired food on a long table in the restaurant's private room where one long glass wall reveals the restaurant's wine cellar. Recently they even held an eight-course sake pairing dinner where one sake poured was so rare and precious, it had previously been available only to the Emperor of Japan.

Should the public dive into private equity?

By Brett Arends

Should ordinary investors entrust their money to private equity?

It's a timely question. Legendary private-equity firm **Kohlberg Kravis Roberts** & Co.—made famous in "Barbarians at the Gate," the 1980s classic about the battle for RJR Nabisco—is about to list on the New York Stock Exchange. Apollo Global Management, a rival, is pursuing an initial public offering.

They aren't alone, either. Rivals **Blackstone Group** LP and **Fortress Investment Group** LLC joined the public markets a few years ago. And if the latest offerings succeed, more are expect to follow suit.

Chris Kotowski, an analyst at Oppenheimer & Co., says the industry is starting to emerge for the first time as a distinct sector on Wall Street. "Much like when investment banks and REITs first started going public," he wrote in a recent note, "the private-equity companies are currently seen as 'one-off' oddities, with unfamiliar accounting and no trading history. This should change with time....We think it's still early, but that the potential is considerable."

Once upon a time, "private equity" was closed to all but the wealthiest individuals and institutions. Now anyone can get a piece of the action. What does this mean for you?

The case for investing in private-equity firms can be put pretty simply. Analysts will tell you that over several decades private-equity investments have outperformed the public markets. The top firms have shown an ability to create serious shareholder value in the companies they buy—partly through financial expertise, and partly by improving operations. If markets and economies continue to recover, goes the story, they should benefit dramatically.

Furthermore, in the wake of the financial crisis, such firms ought to be able to find plenty of bargain opportunities to invest the money in their private-equity funds.

There's a case to be made. But I think all but the most adventurous private investors should probably look elsewhere.

Why?

First, I'm taking a cue from Groucho Marx. The only private-equity firm I'd like to invest in is one that wouldn't let me.

After all, no matter how you dress it up, private-equity firms make their money by beating ordinary stock investors. They take public companies private for less than they're worth, and then sell them back to ordinary investors for a lot more. Even if they aren't trying to sock it to ordinary investors, they are hardly in business to leave a lot of value the table.

Why would anyone buy shares in a private-equity firm that the insiders were willing to sell?

Just look at the record.

The IPOs of Fortress and Blackstone three years ago were signs the equity bubble was nearing its peak. Those who invested in Fortress when it went public so far have lost three-quarters of their money. In the first two years after the offering, the stock plummeted 95%. As for Blackstone, the stock has halved since the IPO. Even when you include dividends, ordinary investors have lost more than $2 billion.

In the case of KKR, the good news is that the firm isn't raising any money in its forthcoming New York IPO. Instead, the company is transferring an existing listing from Euronext Amsterdam. But Apollo is raising money. And the main reason KKR is moving its listing to New York is for the liquidity. That will make it much easier for insiders to realize some value on their stakes by cashing out when they need or want to. Anyone who invests had better follow the insider stock sales pretty closely.

Another problem is that private-equity firms, like most financials, are what is known as "procyclical." Broadly speaking, they are most apt to boom when the economy is booming and slump when it's slumping. Alas, that's probably also the case for your own finances. When the economy is down you probably aren't getting a pay raise at work. Your 20-something children are more apt to be living at home, unable to get good jobs. The value of your home is probably down too. Do you really need more boom and bust in your life?

Meanwhile, it's always dangerous to invest in something you don't fully understand inside and out. And in the case of a private-equity firm, that's harder than with most investments. The preferred measure of quarterly profit at private-equity firms is "economic net income," rather than ordinary net income or something as humdrum as cash flow.

And even the precise value of assets and liabilities at any given moment can be subject to dispute. As an investor, what you don't buy often turns out to be more important than what you do—and as many have found to their chagrin in the last few years, the risks of investing in financials have frequently outweighed the rewards. In stocks like these, it is next to impossible for an outsider to find an edge.

But the final problem with investing in these firms may be even more fundamental.

Private equity is too crowded. A flood of cash has poured into private-equity funds in recent years.

And regardless of what the hype or consensus may tell you, that means returns are unlikely to come anywhere near what they were in the past. The laws of supply and demand aren't complex.

How bad is the picture? According to London-based financial-research firm Preqin, private-equity funds around the world have raised a staggering $950 billion in the past five years. The comparable figure from 10 years ago was just over $222 billion. And in the early 1990s, it was a mere $50 billion.

No wonder private-equity firms did so well during the 1980s and '90s. There weren't many of them around, and they didn't have much money to invest. They had their pick of deals.

Today, it's a different story.

Investors be warned.

ENERGY

BP aims to revive Iraq's oil

Country could rival Saudi Arabia in crude output with help from U.K. giant and others

By Russell Gold

BP PLC Tuesday awarded $500 million in contracts to drill wells in Iraq's giant Rumaila oil field, the first step in a mammoth initiative by foreign oil companies to revive the country's energy industry.

If successful, the effort at Rumaila and several other fields near Basra could be one of the largest expansions of crude-oil production ever achieved anywhere.

Increased Iraq production could be the difference between a well-supplied global market with oil steadily trading below today's $82 a barrel and a tight oil market with triple-digit prices, struggling to meet rising Asian demand.

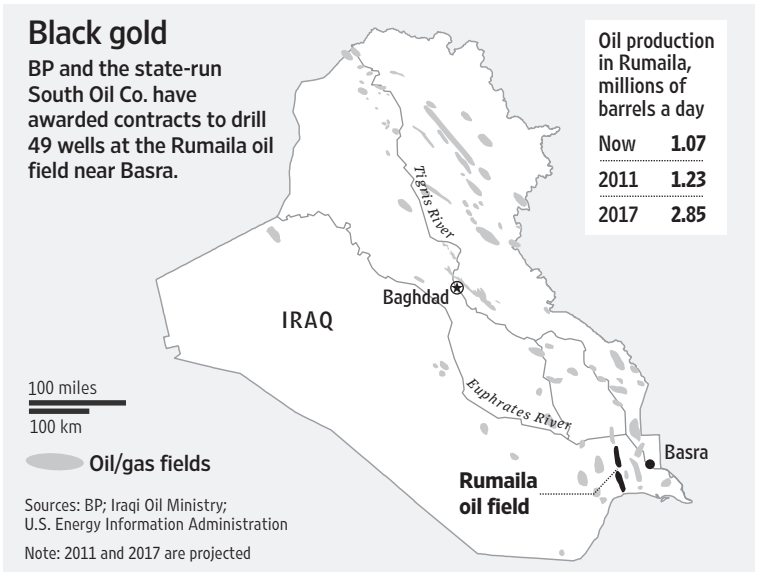
"It could change the map of oil," says Paolo Scaroni, chief executive of Italy's **Eni** SpA, which is preparing to begin work on the giant Zubair field.

Any surge in Iraqi oil production must still overcome tremendous obstacles, including fractious politics and security concerns. Iraq oil production was forecast to rebound quickly after the U.S.-led invasion in 2003. But it took six years to get back to 2.5 million barrels a day, the level Iraq was producing in 2001.

The new drilling contracts are the start of an effort by a dozen of the world's largest oil companies to revive Iraq's decrepit oil infrastructure and turn it into a rival of Saudi Arabia for world's biggest crude exporter, industry officials say.

Iraq sits atop the world's third-largest supply of oil, after Saudi Arabia and Iran. But two decades of war, sanctions and neglect have left it in disrepair. Oil fields are in desperate need of investment. New wells need to be drilled. Massive amounts of water need to be pumped underground to restore pressure and revitalize reservoirs.

Iraqi officials say they plan to add 10 million barrels a day of oil-production capacity by 2017. Most observers say that is too optimistic. However, they say that adding three to four million barrels is possible. Even that lower number would be a historic feat, lagging only Saudi Arabia's expansion in the 1970s.


Black gold
BP and the state-run South Oil Co. have awarded contracts to drill 49 wells at the Rumaila oil field near Basra.
Oil production in Rumaila, millions of barrels a day
Now 1.07
2011 1.23
2017 2.85
Tigris River
Baghdad
IRAQ
Euphrates River
Basra
Rumaila oil field
100 miles
100 km
Oil/gas fields
Sources: BP; Iraqi Oil Ministry; U.S. Energy Information Administration
Note: 2011 and 2017 are projected

Iraq has an estimated 115 billion barrels of crude-oil reserves. At current prices, that is valued at $9.5 trillion.

Political and security concerns remain before this oil can be extracted. Ayad Allawi's Iraqiya bloc, which won the most seats in the recent parliamentary election, said it would like to review oil contracts signed with foreign companies. That raised concerns there could be further delays in starting work.

However, as the nation's leading parties engage in negotiations to form a new coalition government, there has been no talk thus far of renegotiating the oil contracts.

"The security situation will continue to be a challenge for some period of time," **Exxon**Mobil Corp. Chairman and Chief Executive Rex Tillerson said earlier this month.

The bottom line is the lure of working in Iraq—with its plentiful oil—is too great for most big oil companies to ignore. "It makes commercial sense for us to increase production as quickly as we can," said Toby Odone, a BP spokesman.

BP and the South Oil Co. let contracts to drill 49 wells to **Weatherford International** Ltd.; a partnership between **Schlumberger** Ltd. and the state-run **Iraqi Drilling** Co.; and China's **Daqing Oil Field Company** Ltd., said senior oil-ministry official d Abdul Mahdy al-Ameedi.

Iraq sits atop the world's third-largest supply of oil, after Saudi Arabia and Iran. But two decades of war, sanctions and neglect have left it in disrepair.

He said BP plans to increase production at Rumaila from 1.07 million barrels a day to 1.23 million barrels within 12 months.

These contracts are the first of what is expected to be a wave of oil-field-service-related work let by BP, Exxon, **Royal Dutch Shell** PLC, Eni, **Lukoil** OAO and **China National Petroleum** Corp. over the next few months. The companies have been awarded contracts to increase production at separate fields.

Analysts at Sanford C. Bernstein recently wrote that developing seven major Iraq fields, including Rumaila and Zubair, would require $102 billion in investment. But they said they were "skeptical" all of the plans would be carried out.

The development of so many enormous projects—most clustered within 50 miles of each other—will create an enormous demand for workers, engineers and drilling rigs. It will also require the construction of a giant infrastructure buildout, including roads, ports, oil export facilities and water plants.

Raising oil production so quickly in such a small area may prove too demanding.

Recently, it took Saudi Arabia nearly five years to increase its crude-oil production capacity by two million barrels a day—without overriding concerns about political stability or security, according to energy consultants IHS CERA.

A new analysis by the consultants say Iraq's plan to increase production is "extraordinarily ambitious" and predicted an increase of just under two million barrels of oil a day by 2015.

Nonetheless, even a few million barrels a day of crude-oil production capacity could have an enormous impact. The growth of Iraqi oil production and exports will play a "decisive role in shaping global oil markets," says Fatih Birol, chief economist of the Paris-based International Energy Agency, a watchdog for industrialized nations.

Without the boost in Iraqi production, Mr. Birol worries global oil output over the next five years will have trouble pumping out enough barrels to match expected demand from China, India and the Middle East. Tight supplies amid growing Chinese demand sent oil prices soaring near $150 a barrel in 2008.

—Hassan Hafidh and Margaret Coke contributed to this article.

BHP plans coal project with Adaro in Indonesia

By Cynthia Koons

SYDNEY—**BHP Billiton** Ltd. said Wednesday it entered into a joint venture with a subsidiary of **PT Adaro Energy** for a coal project in Indonesia.

Adaro will take a 25% stake in the Maruwai project, which covers seven contract areas in East and Central Kalimantan provinces, where undeveloped metallurgical and thermal coal resources are estimated at 774 million metric tons.

"These agreements with Adaro provide a strong local partner to ensure the successful development of our world-class metallurgical coal interests in Indonesia," Hubie van Dalsen, BHP's metallurgical coal president, said in a statement.

The agreement still needs to be approved by the Indonesian government.

Adaro's head of investor relations, Cameron Tough, said that the 25% stake was valued at $350 million.

BHP had previously considered an outright sale of the Maruwai project.

"I don't know the reason why BHP didn't go ahead with the plan to sell its stake entirely, but it could be an indication that the investment climate in Indonesia is still good," said Bambang Setiawan, director-general of minerals, coal, and geothermal resources at the Mines and Energy Ministry.

Another example was **Rio Tinto** PLC's decision to invest billions of dollars in a nickel-mining project in Sulawesi, he said.

Adaro Energy's director of corporate affairs, Andre Mamuaya, said the Maruwai project was still in an exploratory phase.

—Edhi Pranasidhi and Deden Sudrajat in Jakarta contributed to this article.

Cnooc's profit plunges 34%

By Yvonne Lee

HONG KONG—Cnooc Ltd., China's biggest offshore oil and gas producer by output, on Wednesday posted a 34% fall in 2009 net profit due to lower crude oil prices and higher operating costs, but said it expects its net profit this year to be lifted by increased production and higher energy prices as domestic demand recovers.

Net profit in the year was 29.49 billion yuan (US$4.32 billion), down from 44.38 billion yuan in 2008.

Like other major Chinese oil producers, Cnooc plans to increase its crude oil and natural-gas output due to China's economic stimulus measures, and said Wednesday it has targeted a 21% to 28% increase this year.

China is driving global oil demand, mainly because energy-intensive infrastructure projects were a major beneficiary of Beijing's four-trillion-yuan stimulus program, and the International Energy Agency has forecast that the country will account for a quarter of the total increase in global oil consumption this year.

While Europe and the U.S. are struggling to reignite their economies, China is targeting economic growth of about 8% this year, and the projected increase in industrial activity will lift demand for transport fuels such as diesel and gasoline. China's continued stimulus spending will also support the consumption of petroleum products such as bitumen, used to build roads.

The company has targeted a major increase in crude oil and natural-gas output this year due to China's economic stimulus measures.

Cnooc's result was in line with the average 29.81 billion yuan forecast of 17 analysts polled earlier by Thomson Reuters. Revenue fell 16% to 105.20 billion yuan from 125.98 billion yuan as its average selling price of crude oil fell 32% to US$60.61 a barrel.

Operating expenses increased 25% to 12.49 billion yuan from 9.99 billion yuan a year earlier because of costs related to the commencement of oil- and gas-field production and upgrades to operational equipment, the company said.

Chairman Fu Chengyu said the company will strengthen its cost controls. "Despite the industry's general upward trend of costs, Cnooc has maintained its hard-earned cost advantage," he said. "Of course, our objective is not to ensure that our costs don't increase at all, but to maintain and leverage our relative cost advantage in the industry," he added.

Cnooc, a unit of **China National Offshore Oil Corp.**, said earlier it had targeted compound annual oil and gas output growth of 6% to 10% in 2011 to 2015. The company proposed a final dividend of 20 Hong Kong cents (2.6 U.S. cents).

European firms seek probe of iron-ore prices

By Devon Maylie

LONDON—Iron-ore consumers in Europe stepped up complaints over the rising price of the raw material used to make steel, with prices forecast to nearly double this year.

Associations representing the steel industry and the auto sector this week asked the European Commission, the European Union's executive arm, to investigate what they see as anticompetitive practices by the three major producers, describing them as an oligopoly.

The calls came as some steelmakers forecast iron-ore prices will rise as much as 80% this year and as miners shift to settling iron-ore contracts on a quarterly basis from an annual contract for the first time in decades. The switch is likely to lead to more volatile prices.

"Cost pressure in the sector is already high due to large investments in environmental and safety technologies," said the ACEA, which represents auto makers in Europe including **BMW** AG and **Volkswagen** AG. The ACEA said each car requires a ton of steel to make and that steelmakers are raising prices because of increasing input costs.

Chinese producer **Maanshan Iron & Steel** Co. said that profit won't be very high this year because of oversupply and the ongoing talks for iron-ore prices, following acceptance by Japanese steelmakers of sharp price increases.

Vale SA of Brazil, and Australian companies **BHP Billiton** and **Rio Tinto** account for almost 75% of world iron-ore output.

BHP and Rio Tinto declined comment to the Associated Press.

Vale referred reporters to an audio clip on its Web site in which the company's president, Roger Agnelli, said European steelmakers "have forgotten that the era of colonization is over....The days when the production of developing or underdeveloped nations sustained or subsidized their well being no longer exists."

A Blueprint for Malaysia

The times they are a-changin' in Malaysia. A few years ago it was inconceivable that a Malaysian premier would express dissatisfaction with the "rent-seeking and patronage" inherent in the country's four-decade-old affirmative action policies and call for a more "transparent" system based on merit and need. Former strongman Mahathir Mohamad used to label people with such ideas "extremists."

Prime Minister Najib Razak sounds a reform note, but will he follow through?

Yet today Dr. Mahathir, who has thrown his lot in with nativist groups like Perkasa, looks extreme. Prime Minister Najib Razak, by contrast, is reflecting the popular will. In announcing what he dubbed a "New Economic Model" Tuesday, Mr. Najib is responding to the obvious: His country's extensive system of hiring rules, investment quotas and various other perquisites for the majority ethnic Malays drives away capital and labor and entrenches corruption and poverty.

It's a story investors already understand. For the past few years, foreign direct investment in Malaysia has slowed to a trickle in an economy that used to be one of Southeast Asia's dynamos. On a net basis, money is flowing out of the country. Part of this trend has to do with state-owned oil behemoth Petronas's investments abroad. But it also reflects that many Malaysian companies don't repatriate capital because they see fewer decent investment opportunities at home. The same goes for foreign investors.

The only way to change this trend is to roll back Malaysia's overweening public sector and open space for competition and creative destruction. Mr. Najib acknowledged this Tuesday, saying "we need a new way of doing things." He laid out a plan for privatization of state-owned companies, sales of government land, a reassessment of subsidies and a review of restrictions on foreign investment in services.

Najib Razak

As importantly, Mr. Najib mentioned education reform—an area in which pro-Malay admissions policies have made meritocracy a dirty word and denied opportunities to bright minority students, especially from the Chinese and Indian communities. Malaysian companies often complain about the lack of skilled labor, and the country's universities are a big part of the problem.

So far, so good. However, Mr. Najib has made these promises before, and there's no evidence beyond his words that he has the gumption to press ahead. He announced a small services liberalization in April last year, but it wasn't the big-bang reform that Malaysia needs. Not much has happened since. The markets yesterday greeted the New Economic Model with a yawn.

Most investors simply don't believe Mr. Najib is willing to take on the biggest entrenched interest of all—his own political party, the United Malays National Organization. For decades, UMNO has monopolized power by divvying up economic spoils on political and ethnic grounds. If Mr. Najib is serious about reform, that's the place to start.

Long Live Gao Zhisheng

China has many ways of punishing political dissenters: There are the usual methods like putting people in jail, harassing them with constant surveillance, or resorting to physical torture. And then there is the special form of retribution that seems to have been invented for Gao Zhisheng, a lawyer once known for his fearlessness in handling politically sensitive cases.

Mr. Gao was taken away by authorities in February last year after constant harassment, and by fall was rumored to be dead when police described him as "missing." His crime was to be outspoken about government abuses, which he knew a lot about thanks to his work representing persecuted religious minorities and land evictees. Authorities refused to answer questions about his whereabouts, except to say he was "where he should be." His wife and children fled to the United States just before he disappeared.

The human-rights lawyer reappears.

This week Mr. Gao resurfaced, but under similarly mysterious circumstances. His captors appear to have given him a cell phone, perhaps in response to international pressure, and he has spoken to several friends and family members who confirm he is alive. He says he has been "released," but is unable to speak freely and seems to be accompanied by others. He may be captive under a kind of house arrest.

His case is important not only because of the work that he himself has done, although that is certainly admirable. Rather it's emblematic of China's deteriorating legal and human-rights situation. The Communist Party leadership is increasingly tightening the screws on dissent, from locking up dissidents to censoring media.

According to the Dui Hua Foundation, a prisoner advocacy group, there are around 5,687 political and religious prisoners China today. Mr. Gao's reappearance is an event to celebrate, but there's still a long road ahead of him, and for others like him who are fighting for a freer China.

Springtime for Arms Control

The second "T" in START, the nuclear arms deal President Obama struck with the Russians late last week, stands for "Treaty." That means two-thirds of the Senate is obliged to sign off on the accord. The U.S. would benefit from a full and close Senate airing of where Mr. Obama is taking the nation on both the offensive and defensive sides of nuclear weapons.

Known as "New START," the Strategic Arms Reduction Treaty is modest in scope and at best does relatively little harm. The deal cuts the number of warheads 30%—to 1,550—from the levels agreed in the 2002 Moscow Treaty. That accord in turn made far steeper cuts to the original 1991 START agreement, which expired in December. These numbers were headed down without any formal agreement. But the Senate needs to ensure the new ceiling doesn't undermine the robust deterrent in the U.S. nuclear triad—long-range bombers, submarines and intercontinental ballistic missiles.

Bearing even closer inspection are the reductions in delivery vehicles, or launchers. The U.S. and Russia agreed to keep 800 bombers and land- and sea-based missiles, whether armed with nuclear or conventional weapons. With much of its hardware obsolete and rusting, Russia already is at that level and tried to push the U.S. as low as 500 launchers.

On launchers, new START cuts close to the bone of what Pentagon brass said was comfortable. B-2 bombers are a useful instrument for global power projection and conventional weapons delivery, not only in nuclear conflict. In Congressional testimony last summer, Deputy Joint Chiefs Chairman General James Cartwright put 860 launchers as the bare minimum. This treaty goes further.

A new START with Russia, but the same old proliferation.

On U.S. missile defense, Administration officials insist the treaty places no "binding" limits on America's future plans. But the Kremlin in its statement said the link between offensive and defensive weapons "will be fixed in a legally binding way."

Russia seems to claim a right to withdraw from the treaty if in its view America goes too far toward building missile defenses. With a U.S. President so eager to pursue arms control, this may incentivize Moscow to hold America's future antimissile programs hostage.

The Senate should press this matter. Last year, Mr. Obama pulled the plug on long-range missile interceptors in Poland. That pleased the Russians, who then purported to be annoyed when the Administration unveiled an alternative "phased" missile defense for Europe. That disagreement held the treaty up for three months. Arms-control chess is a famous Russian sport.

There is one silver lining the Senate could also extract: getting serious about modernizing the U.S. nuclear deterrent. The Administration by law must submit a 10-year plan to bring aging U.S. nuclear labs and weapons technology into the 21st century. In December 41 Senators—enough to block ratification of START—told the President to move on this proposal if he wants the treaty to pass. The Senate has an obligation to ensure that what's left in the U.S. nuclear arsenal works. It should also insist on a new warhead, which the Pentagon wants but which arms control activists and Mr. Obama oppose.

Next month, President Obama will host "a nuclear security summit" in Washington, and he wants to revive the Comprehensive Nuclear Test-Ban Treaty, which the Senate failed to ratify a decade ago. He then attends the renewal conference of the Nuclear Non-Proliferation Treaty. All of this, especially the nonproliferation regime, will be meaningless if Iran gets the bomb. But even as it hailed the pact with Russia last week, the Administration was diluting an already weak draft of U.N. sanctions against Iran.

Announcing the Russian deal, Secretary of State Hillary Clinton said repeatedly that the treaty shows the likes of Iran and North Korea "that one of our top priorities is to strengthen the global nonproliferation regime." And that somehow the U.S.-Russian agreement will induce Tehran and Pyongyang to join in.

This faith-based nonproliferation flies in the face of history. As the U.S. and Russia have drawn down their arsenals the past two decades, the rogues have moved fast to build up theirs. They continue to do so. What the Senate needs to explore before ratifying START is whether a new era of parchment disarmament promises will make America safer.

Pepper . . . and Salt

THE WALL STREET JOURNAL

"I'm not his best friend. But he is on my extended network."

OPINION

Japan's Carbon Hara-Kiri

[Business Asia]

By Joseph Sternberg

Tokyo

Japan should pass the carbon-emissions-regulating climate-change bill the Diet currently is considering. The great virtue of the move to reduce the country's carbon emissions come 2020 by 25% from 1990 levels is that it will be ruinously expensive, and hopefully bankrupt a lot of companies. Thus will the world's second-largest economy finally clean out the excessive supply capacity it built up in the 1980s and never quite unwound after the bubble burst.

April Fools, Dear Reader. Cap-and-trade or more carbon taxation isn't a good idea for Japan, by any measure. But Prime Minister Yukio Hatoyama proposes to play a far crueler joke on the economy by pushing forward with the legislation this spring anyway, because that bit about the ruinous expense is all too true.

Mr. Hatoyama's cabinet approved on March 12 a law establishing a framework for carbon-emissions cuts, and the full Diet could vote on it within the next few months. The mid-term target—that 25% cut by 2020—is conditional on other countries adopting their own emissions reductions. But the long-term target of a draconian 50% cut in emissions by 2050 would not be conditional on anything. As to how these cuts would be enforced, expectations run toward a combination of domestic cap-and-trade, carbon taxes and subsidies for renewable energy.

Here's why companies aren't laughing: Japanese industry already is highly efficient. Partly that's because Japan Inc., which imports almost all its oil, was chastened by its experience during the 1970s-era oil crises, and partly due to earlier rounds of costly government regulations. As of 2006, to produce one kilowatt hour of electricity France used 2% more energy than Japan; the United States, 13%; China, 32%; and India, 41%. The same is true of cement clinker (the stuff that's ground down to cement), and many other products, ranging from industrial chemicals to paper (though with paper Germany is 15% more efficient than Japan).

Yukio Hatoyama

The flip side of this situation is that Japan has few ways to eke more energy efficiency out of the economy. If all Japanese steelmakers adopted all the most energy-efficient methods currently available for commercial use, the industry would cut its emissions by only 0.07 tons of carbon dioxide per ton of steel. Adopting those same technologies across China's entire steel industry, by contrast, would cut its emissions by 0.48 tons of carbon dioxide per ton of steel, and the U.S. and European Union would each cut emissions by around 0.15 tons.

So Japanese companies would have to spend big wads of yen to comply with Mr. Hatoyama's carbon dream. The Nippon Keidanren, an umbrella business lobby group, estimated in response to an earlier, roughly equivalent, cap-and-trade plan that reducing CO_2 emissions by one ton would cost about $476. That compares to $60 in the U.S. and between $48 and $135 in the European Union. The difference arises partly because as a scientific matter any further marginal reduction from Japan's already "low" emissions will require a huge technological investment. Meanwhile, Japan is contemplating steeper emissions cuts than any other country—that $476 figure assumes a cut of 25% below 1990 levels, compared to 20-30% in the EU and 3% in the U.S. (these figures are relative to 1990 levels).

Note, incidentally, that this is a conservative estimate assuming that other major economies also implement emissions cuts. Otherwise, Japan would face a competitiveness problem that might impose its own costs in terms of business lost to cheaper countries.

A serious economic implication lies beneath these data: Since Japan's manufacturers already tend to avail themselves of the most advanced technologies for using energy efficiently, only two options remain to further cut carbon output. Option A is to conjure up a bevy of technological miracles that will rapidly increase energy efficiency to new levels. Option B is to shut down a certain proportion of today's emitters. Neither would be cheap, although an environment ministry task force last week improbably claimed investment spurred by pursuing Option A would boost the economy come 2020. Only Option B could be counted on to reduce emissions fast enough to hit the 2020 mid-term deadline.

A self-inflicted blow to Japanese industry, largely for political gain.

In light of all this it's passing strange that Mr. Hatoyama is pressing ahead with this bill. Blame politics. After watching their prime minister thrash around helplessly for his first six months in office, voters are growing impatient for some sign of competence ahead of the summer's upper house elections in parliament. Climate-change legislation may be the only election promise, albeit a brash one, Mr. Hatoyama thinks he can deliver on. It doesn't help that for reasons unclear the climategate email scandals and Intergovernmental Panel on Climate Change glacier goofs haven't received as much play in Japan as they have elsewhere, so skepticism of the green cause hasn't grown much yet.

So we finally arrive at Mr. Hatoyama's punch line. Japan is the developed economy that "needs" carbon emissions regulation the least—even if you buy the increasingly questionable assertion that carbon emissions are a clear and present danger. Yet it is the only developed economy that is seriously considering further emissions regulation. That's not a desirable place to be if you're already facing deflationary fears, a tenuous export-led recovery and an inexorably aging population. Time to start praying for that technological miracle.

Mr. Sternberg edits the Business Asia column.

China Convicts Itself

[Business World]

By Holman W. Jenkins, Jr.

China tactfully reminds the world every once in a while that its specialty is masquerading weakness as strength.

In convicting iron-ore salesman and naturalized Australian citizen Stern Hu of bribery and stealing commercial secrets this week, China passed a verdict sure to frighten but not a verdict that anyone in the world would actually trust. A solitary Australian consular official was permitted to witness only part of the largely secret trial; the only publicly disclosed piece of evidence appears to be a written statement by Du Shuanghua, owner of a private steel mill, saying he paid off one of Mr. Hu's colleagues.

Rio Tinto, one of the few Western companies to earn billions out of China, was quick to write off its employee. The Australian government is having a harder time endorsing the verdict, prompting the predictable caterwaul from China.

Let's recall, the reason for an open courtroom is not just to make sure justice is done, but to make sure a verdict will be believed and lend credibility to the government that issues it.

The reason to have a free media, and even to put up with Google, is so people can know when their government is lying to them, which in turn is conducive to people being prepared to believe their government when it's telling them the truth.

Weakness masquerading as strength is also key to understanding the most dangerous issue in U.S.-China relations today—China's controversial currency peg and the false prize of its $2 trillion in accumulated dollar reserves.

The problem isn't that China ties its yuan to the dollar. The problem is that it never let the full consequences of this choice flow through to domestic prices, wages and patterns of investment and employment.

Perhaps the pithiest summary came from whoever said that the real trouble with China is that one Chinese won't lend to another to buy a house unless he's buying it in the U.S.

Exactly. Tens of billions of Chinese-owned dollars rolled into Fannie and Freddie to support a U.S. housing boom. Meanwhile, at home, the world's second biggest economy has yet to develop a real banking system or debt market, or any way for consumers to leverage China's huge savings to improve their standard of living.

Associated Press

China unloading what it would like to get cheaper.

Writ small, China's ore wars are emblematic of the same lopsided development agenda. Beijing has been trying somehow to turn its rickety and overmanned steel industry into leverage over international ore prices. China has been trying for two years to defy market realities and force Rio and its major competitors to deliver supplies at a steep discount to the international price created by China's own explosive and volatile demand.

Not the least of Rio's offenses was that it refused to go along. Rio sold a growing share of ore at spot market prices to the all-too-willing buyers among mainland steelmakers. Whatever the truth of the bribery charges, this actually reduced the opportunity for corruption—but then maybe that was Rio's real sin, since well-connected mainlanders apparently had been getting rich reselling their ore allocations to unapproved buyers at huge markups.

Had China opened up its economy at a pace commensurate with its exports and accumulation of dollars, a solution would have revealed itself: import more steel. Many of the world's steelmakers use domestic ore or scrap. Unlike China's, they aren't captive to an internationally traded raw material controlled by three big sellers.

This week, two of the three, Brazil's Vale and Australia's BHP, persuaded major Japanese, South Korean and Chinese steelmakers to accept quarterly ore repricings, with price hikes of nearly 100% above last year. Even with the Stern Hu verdict in hand, Beijing can't hope to hold back this tide.

Nor can it hold back forever those in the U.S. who want to use China's currency policy as an excuse to start a trade war, joined by some who apparently want to blame China for the failure of their tax-and-spend nostrums to lift the U.S. economy to a sustainable recovery.

See, we can masquerade weakness as strength too. But Washington can't make China see a light its leaders don't want to see. How much better to adopt a policy of real strength at home, beginning with domestic U.S. reforms that do what the word actually implies: justify confidence in our own economic future.

When Moody's threatened to downgrade the U.S. credit rating recently, it said a prime concern was a loss of faith in Washington's ability to get spending under control and protect growth. Moody's didn't mention China.

THE WALL STREET JOURNAL. ASIA

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OPINION

Don't Bet Against Japan Yet

By Alicia Ogawa

With Greece still in fiscal upheaval, investors are naturally looking for the next shoe to drop. Japan would seem like another candidate for a crisis, given enormous government debt, anemic growth and an aging population. Yet those betting on an imminent upset in the public debt market may well be disappointed. Japan is set to show, again, its unique ability to delay crises in unexpected ways.

Shorting the Japanese government bond market has come to be viewed as a no-brainer. The Organization for Economic Cooperation and Development forecast last March that gross government debt would soon reach 200% of GDP. In January the International Monetary Fund published two reports questioning Japan's ability to continue to fund its fiscal deficit. The market for credit-default swaps—a form of insurance investors can buy on their debt holdings—has been spooked by Japan for more than a year. Investors are asking not whether but when the government bond market will crash.

Yet there are reasons to believe Japan will evade the economic forces of gravity that have toppled Greece. Andrew Smithers of investment advisory firm Smithers & Co. points out that bond market crashes are possible only when there is inflation, a strong demand for capital or a buyers' strike—or some combination thereof. Any one of these factors would drive interest rates higher, raising the cost of rolling over existing debt or borrowing more.

Yet none of this is likely. The first two factors have not been seen for years in Japan, nor are they likely to reappear soon. As for a buyers' strike, dwindling demand for credit combined with high deposit levels leave banks few options but to increase bond holdings. Domestic banks and other institutions that already own the lion's share of existing government bonds, such as the public pension system, are subject to heavy political influence and can be counted on to continue to be willing buyers.

David G. Klein

There are several explanations for the steady decline of government bond yields even as net public debt has increased substantially. All of these point to a Japan trying vainly to isolate its economy from forces of gravity, a struggle it is eventually bound to lose.

First and foremost is the persistence of deflation and the inability or unwillingness of anyone in Japan to come up with a cure. Low government bond yields and pricing on inflation-linked bonds indicate strong expectations of persistent long-term deflation, and indicate satisfaction with yields in real terms, even though nominal returns are microscopic.

Part of the cure to deflation involves opening up Japan to the rest of the world and relieving politicians and bureaucrats of their influence over credit allocation. Welcoming new people with fresh ideas and skills, as well as outside sources of capital with an appetite for risk (rarely a characteristic of domestic capital) would stimulate demand and innovation. Reforming the governance of both the public pension system and the private fund management industry would support new economic growth through better allocation of resources, but at the cost of loss of influence of those now in power. There's no indication any of this will happen soon.

It would make sense to encourage better diversification of portfolios away from domestic bonds, given that Japan's economic maturity will produce only moderate growth while the aging population needs a better return on investment if pension promises are to be honored. Sadly, discussions around this issue seem to show a preference for shoring up the status quo by keeping as much money in the postal savings system as possible, and by encouraging pension investments to stay at home.

Lastly Japan needs real market pricing for credit—the lack of which is a product of the country's bank-centric and politically influenced financial markets. Japan has long functioned as a financial island where all borrowers are viewed to be of nearly equal credit risk. This covenant was possible in the era of fast growth, but has begun to show stresses since the banking crisis of the 1990s. Now that Japan is a mature economy with limited growth, it is time to drop this fiction. Borrowers—whether they be companies, individuals or the government—need the discipline of financing costs that truly reflect their risk and reward prospects. Unfortunately, this too looks very unlikely to happen soon.

As a bank analyst in Tokyo in the 1980s, I had a front-row seat watching foreign investors learn very painful lessons. Many fortunes—and careers—were lost shorting the banks in anticipation of a banking crisis. The analysis of looming crisis was correct. But unfortunately for those betting on a collapse, regulatory forbearance saved banks from facing their problems head-on in the short-term, keeping the crisis from erupting for 10 years.

That experience suggests the next crisis will erupt only when all policy options to protect the status quo have been exhausted, and when delayed resolution of the problems has only increased the cost of doing so. Where the foreign investors very definitely have it right is that Japan's bond market rests on fragile foundations. What they may not appreciate is Tokyo's unusual ability to defy gravity longer than most people would expect, and how large the ultimate cost will be.

Ms. Ogawa is assistant adjunct professor at the Columbia University School for International Affairs and a member of the board of the Mike and Maureen Mansfield Foundation.

Barack The Good

By Shelby Steele

It has to be acknowledged that, in his battle for health-care reform, President Obama has shown real presidential mettle. He did what it took to win his way. He put every ounce of his political capital on the line, and he never blinked. For all the wrongheadedness of this reform—and the ugly backroom dealing that finally carried the day—the president himself will now enjoy a new respect at home and abroad. He will be less dismissible.

But if the old bowing and boyish president is receding, a new and more ominous president is emerging. And it is now apparent that Mr. Obama wants to be—above all else—a profoundly transformative president. He has spoken admiringly of the way Ronald Reagan changed the "trajectory" of history, and clearly he would like to launch a trajectory of his own.

But Reagan came into office as a very well-defined man with an unequivocal sense of direction. Mr. Obama, despite his new resolve, remains rather undefined—a president happy to have others write his "transformative" legislation. As the health-care bill and the stimulus package illustrate, scale is functioning as vision. From where does it come?

Well, suppose you were the first black president of the United States and, therefore, also the first black head-of-state in the entire history of Western Civilization. You represent a human first, something entirely new under the sun. There aren't even any myths that speak directly to your circumstance, no allegorical tales of ancient black kings who ruled over white kingdoms.

If anything, you may literally experience yourself as a myth in the making. After all, you embody a heretofore unimaginable transcendence over the old human plagues of tribalism, hatred and ignorance. So wouldn't it be understandable if you felt pressured by circumstance? Isn't there a special—and impossible—burden on "the first" to do something that lives up to his historical originality?

Mr. Obama doesn't believe in far-left liberalism, but is using it to cement his legacy.

Does this special burden explain Barack Obama's embrace of scale as vision (if I don't know what to do, I'll do big things)? I think it does to a degree. It means, for example, that a caretaker presidency is not an option for him. His historical significance almost demands political narcissism. For him the appeal of health-care reform—when jobs are a far more pressing problem—may have been its history-making potential.

Here was a chance for Mr. Obama to have an achievement commensurate with his own historical significance. To have left off health care and taken up jobs would have left him a caretaker rather than a history-maker. So he hung in with health care and today it can be said: Barack Obama has signed the most significant piece of social legislation in 45 years—achieving something that has eluded every president since FDR.

A historic figure making history, this is emerging as an overarching theme—if not obsession—in the Obama presidency. In Iowa, a day after signing health care into law, he put himself into competition with history. If history shapes men, "We still have the power to shape history." But this adds up to one thing: He is likely to be the most liberal president in American history. And, oddly, he may be a more effective liberal precisely because, as the far left constantly reminds us, he is not really a true believer. Rather liberalism is his ticket to grandiosity and to historical significance.

* * *

Of the two great societal goals—freedom and "the good"—freedom requires a conservatism, a discipline of principles over the good, limited government. No way to grandiosity here. But today's liberalism is focused on "the good" more than on freedom. And ideas of "the good" are often a license to transgress democratic principles in order to reach social justice, achieve more equality or lessen suffering. The great political advantage of modern liberalism is its offer of license on the one hand and moral innocence—if not superiority—on the other. Liberalism lets you force people to buy health insurance and feel morally superior as you do it. Power and innocence at the same time.

This is an old formula for power, last used effectively on the presidential level by Lyndon Johnson. But Johnson's Great Society was grasping for moral authority after the civil rights movement. I doubt any white president could use it effectively today, and even ObamaCare passed by only a three vote margin in the House and with no Republican support at all. Worse, in the end, it passed not to bring the nation better health care but to pull a flailing Democratic presidency back from the brink.

There has always been a narcissistic charge around Mr. Obama, the sense that in embracing him one was embracing something special in oneself—and possibly even a larger idea of human perfectibility. Every politician wants this capacity to attract identification. But it is also a trap. What happens when people are embarrassed for having seen themselves in you?

The old fashioned, big government liberalism that Mr. Obama uses to make himself history-making also alienates him in the center-right America of today. It makes him the most divisive president in memory—a president who elicits narcissistic identification on the one hand and an enraged tea party movement on the other. His health-care victory has renewed the narcissistic charge for the moment, but if he continues to be a 1965 liberal it will become more and more impossible for Americans to see themselves in him.

Mr. Obama's success has always been ephemeral because it was based on an illusion: that if we Americans could transcend race enough to elect a black president, we could transcend all manner of human banalities and be on our way to human perfectibility. And yet the poor man we elected to play out this fantasy is now torturing us with his need to reflect our grandiosity back to us.

* * *

Many presidents have been historically significant in retrospect, but Mr. Obama had historic significance on his inauguration day. His inauguration told a transcendent American story. Other presidents work forward into their legacy. Mr. Obama is working backwards into his.

Mr. Steele, a research fellow at Stanford University's Hoover Institution, is the author most recently of "A Bound Man: Why We Are Excited About Obama and Why He Can't Win" (Free Press, 2007).

TECHNOLOGY

Sony pushes ahead in restructuring

Electronics giant sells factories producing LCD televisions and panels in effort to manage supply chains

By Daisuke Wakabayashi

TOKYO—**Sony** Corp. pushed ahead with its restructuring Wednesday by striking deals to sell two factories, including a liquid-crystal-display television factory in Slovakia.

Under the agreement, Sony will sell 90% of its Nitra, Slovakia, plant to **Hon Hai Precision Industry** Co., and then use the Taiwanese contract manufacturer to produce its televisions for the European market.

The two companies struck a nearly identical deal last year for the Japanese electronics giant's TV factory in Mexico. Sony didn't disclose financial terms for Wednesday's agreement with Hon Hai, which is expected to close in September pending regulatory approval.

Sony and other restructuring Japanese electronics conglomerates are re-evaluating their portfolio of factories after being saddled with excess inventory during the sharp downturn in demand after the global financial crisis. Intense competition and price erosion for consumer electronics has heightened the need for companies to manage their supply chains and streamline manufacturing.

Also on Wednesday, Sony and **Toshiba** Corp. announced plans to sell factories producing small LCD panels to rival companies.

These smaller LCDs, used in everything from mobile phones and digital cameras to notebook computers, are a boom-or-bust business, and some companies are taking action to reduce earnings volatility.

Sony said it will sell a western Japan factory making LCD panels smaller than roughly five inches to electric parts maker **Kyocera** Corp. While the financial terms weren't announced, Sony said it will take an impairment loss from the sale of the plant, which it bought five years ago for 18.5 billion yen ($199.4 million) from **Chi Mei Optoelectronics** Corp.

The loss from the deal, which is expected to close in June, is already factored into the company's February earnings projection for the fiscal year ending March 31. Sony is forecasting a 70 billion yen net loss for the year.

Kyocera said it was looking to expand its display lineup, while Sony said the deal is part of its effort to diversify its small- to medium-size LCD panel business.

Last year, Sony announced plans to acquire **Seiko Epson** Corp.'s LCD panel factory in western Japan. By acquiring Epson's plant in Tottori, Sony gets a foothold in cheaper but less-advanced displays. Sony has another Japanese plant making more expensive, higher-quality displays, similar to the factory it plans to sell to Kyocera.

Continuing to hold two Japanese LCD panel plants seems contrary to Sony's "asset-lite" strategy to decrease its manufacturing footprint and improve profitability, but a Sony spokesman said that having access to a constant supply of these smaller displays was important to meet the needs for Sony's own products, such as digital cameras and camcorders.

Meanwhile, Toshiba said it had reached an agreement to sell a Singapore plant producing LCD panels for laptop displays to Taiwan-based **AU Optronics** Corp. The plant is Toshiba's only LCD panel factory outside Japan, so it will discontinue overseas panel production after the sale is finalized in July. Financial terms weren't disclosed.

Toshiba is forecasting its LCD business to post a 28 billion yen loss in the fiscal year ending March 31, its second straight year in the red following a 36 billion yen loss a year earlier.

Toshiba said the sale will allow it to concentrate its resources on its two biggest businesses: memory chips and nuclear power. Also, the move is in line with Toshiba's efforts to streamline its manufacturing to reduce fixed costs. Toshiba said it has increasingly been turning to contract manufacturers for its television production.

AU Optronics has been bulking up through acquisitions over the past several years in its drive to catch bigger rivals **Samsung Electronics** Co. and **LG Display** Co. of South Korea, the world's two biggest LCD makers by revenue, in the global LCD market.

AU Optronics became the world's third biggest LCD maker by acquiring smaller Taiwanese rival Quanta Display Inc. in 2006.

—Charmian Kok in Taipei and Juro Osawa in Tokyo contributed to this article.

European Pressphoto Agency

Sony will sell 90% of a Slovakia plant to Hon Hai Precision and use the Taiwanese manufacturer to produce TV sets for Europe. Above, LCD TVs on sale in Tokyo

New chip maker Renesas rethinks focus on Japan

By Juro Osawa

TOKYO—**Renesas Electronics** Corp. takes the stage as one of the world's biggest semiconductor makers Thursday, but it faces major challenges in the need to rethink its dependence on the Japanese market and to reorganize overlapping operations.

Born out of a merger between NEC Electronics and Renesas Technology that takes effect Thursday, Renesas Electronics becomes the world's third-biggest chip maker, with revenue of 1.05 trillion yen ($11.3 billion), according to company figures.

This would put it behind only **Intel** Corp., of the U.S., and **Samsung Electronics** Co., of South Korea.

One of the company's priorities will be increasing its overseas presence.

It aims to do so by teaming with more Chinese chip-design houses and seeking orders from Taiwanese electronics makers that develop and manufacture appliances sold under Japanese brands, its president, Yasushi Akao, said in an interview.

"It's inevitable that our focus will shift more to overseas markets, where growth potential lies," said Mr. Akao, previously president of Renesas Technology.

"Our resources have so far been a little too concentrated in Japan," he said.

"There are many independent design houses in China, and we need to tap those local resources" by seeking partnerships.

The merged company will be the world's biggest maker of microcontrollers, or chips used to control electronic operations in cars and consumer devices, with a 30% market share.

In Japan, it is the dominant player, with a 60% share.

But in China—where demand for lower prices is especially strong and Japanese chip makers struggle to offer products that meet local preferences—the share is less than 20%.

Meanwhile, a growing number of Japanese electronics makers are working with Taiwanese and other companies on an original-design-manufacturer, or ODM, basis. Mr. Akao says the company will approach the Taiwanese companies to capture some of that market.

He said Renesas Electronics will try to raise its revenue earned overseas to more than 60% in the next five years from about 50% now.

In the nearer term, Mr. Akao's first task is to shape and define the new entity to ensure it is fully integrated.

He will need to address the reorganization of overlapping operations to do that. "We have said we'll streamline and consolidate, but it's never as simple as it sounds," he said.

For the first 100 days, the company will look closely at each specific operation and decide whether, how and when to consolidate it, he said. But the actual implementation of such plans will likely take at least two years in most areas, he said.

Starting Thursday, NEC Electronics shares will trade as Renesas Electronics on the Tokyo Stock Exchange First Section.

NEC Electronics, the chip-making unit of **NEC** Corp., and Renesas Technology, a joint venture owned by **Hitachi** Ltd. and **Mitsubishi Electric** Corp., had been working toward merging since April 2009.

NEC, Hitachi and Mitsubishi now have a combined shareholding in the merged company of 89.6%.

Renesas Electronics

Renesas Electronics President Yasushi Akao plans to consolidate operations.

Acer presses for growth in China

Taiwan computer maker's chief expects strongest gains in emerging markets, including Brazil; a bid to top H-P

By Charmian Kok And Ting-I Tsai

TAIPEI—**Acer** Inc. is poised for growth in China, a market where the Taiwan computer maker has lagged its global rivals, as it looks to emerging economies to help it leapfrog past **Hewlett-Packard** Co. as the world's biggest notebook and netbook computer maker by shipments this year or next, its chief executive said Wednesday.

China, along with Brazil, will be key growth drivers for Acer this year, Gianfranco Lanci said during an exclusive interview.

Mr. Lanci sees a world-wide recovery in consumer demand following the global economic crisis. "Recovery is almost there everywhere," he said. The strongest growth will come from emerging economies. "All of them are back," Mr. Lanci said. He added that Asian markets, including China, are likely to overtake the combined markets of Europe, the Middle East and Africa in importance this year, pushing the U.S. market into third place.

He expects Acer's notebook market share in China to hit 10% this year from 7% now, as an expanded sales operation drives growth. **Lenovo Group** Ltd. of Hong Kong held 33.4% of the China market in the fourth quarter of 2009, according to research firm IDC. H-P held 14.3% of the market, while **Dell** Inc. had 8.2% and China's **Founder Technology Group** Corp. 7.7%.

Mr. Lanci also predicted that Acer's market share in Brazil will climb to 15%-20% from 12%-14%. Acer began investing in Brazil in the middle of last year, when it opened a subsidiary in the country. Growth in China and Brazil will be important because Acer is already dominant in other emerging markets, including Russia and Indonesia, where it has market shares of 35%-40%, positions hard to improve upon.

Mr. Lanci dismissed concerns about low-profit growth in China's ultracompetitive market, saying that margins in the country of 2%-3% "are not bad" and only slightly lower than about 4% elsewhere in Asia. He added that Chinese consumers have become more sophisticated and are focused on personal-computer performance and features such as high-end graphics. Price isn't the most critical factor in China, Mr. Lanci said.

He said Acer now has sufficient scale in North America and is focused on profitability. Acer extended its footprint in North America in 2007 after buying U.S.-based computer maker Gateway Inc., which had more brand-name recognition than the Taiwan company. Since then, Acer has leapt past rivals such as Dell to become the world's second-largest notebook and netbook maker after H-P. In the U.S. and Europe, Acer will focus on the corporate PC segment and on small and medium enterprises to spur growth, he said.

Falling prices of PCs—now as cheap as $400—have underpinned sales during the global economic downturn, even in countries such as Greece, Mr. Lanci said. The upshot is that consumers now replace their PCs every two or three years on average, compared with three to five years not long ago.

Mobile devices will help fuel Acer's growth, Mr. Lanci said. The company expects to introduce six to seven smart-phone models this year, he said, after it launched its first one last year. Smart phones, which enable users to check email and surf the Web, are one of the few fast-growing sectors in the technology industry, and for Acer they carry profit margins of 15%-20%.

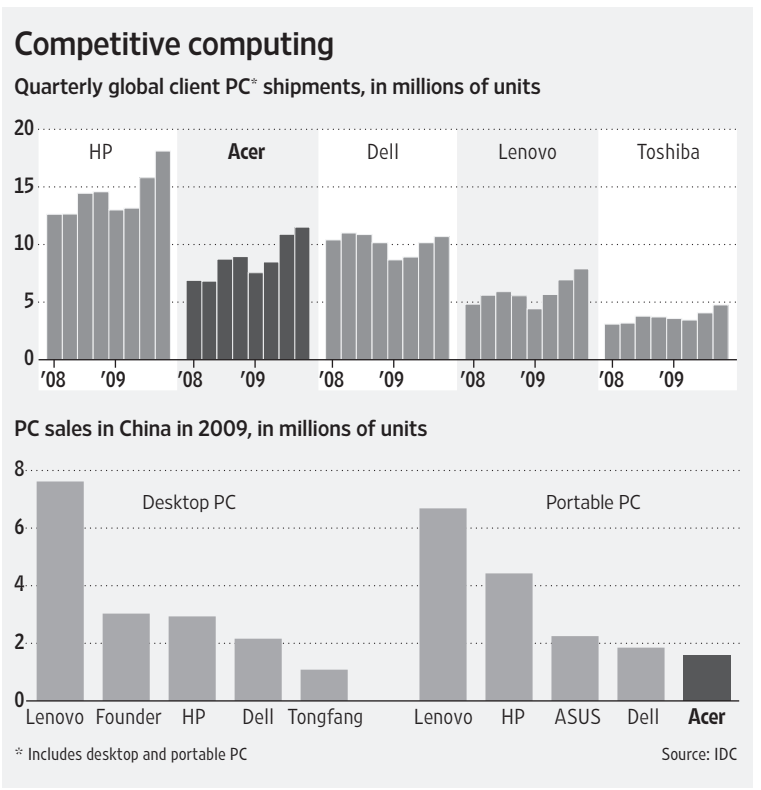
Acer is also developing a notebook PC that will use **Google** Inc.'s Chrome operating system. Mr. Lanci said Acer's first models will be available in the next several months. He said he doesn't expect a potential withdrawal by Google from the China market to affect sales of the models, but declined to say whether they are being introduced in China.

Speculation about potential acquisitions has been swirling around Acer, but Mr. Lanci said Acer will focus on organic growth. "There are very few good [acquisition] opportunities today," he said. Asked where Acer might look for targets, he said: "Emerging markets for sure, or maybe products that are complementary to what we have." In response to a question about market rumors that Acer might be interested in buying **Toshiba** Corp.'s PC business, he said Toshiba is too small and would only be able to add a few percentage points to Acer's global market share. "We can do that by ourselves," he said.

A Toshiba spokesman, Keisuke Omori, said: "We're not in discussions with any companies to sell Toshiba's PC or laptop unit."

Mr. Lanci has previously predicted that shipments of notebook and netbook computers in the first quarter would be flat compared with the previous three months, bucking the usual trend where lower sales occur at the start of the year. Acer has said its PC shipments rose 42% to 12.2 million units in the final quarter of last year, compared with 8.6 million units in the same period of 2008. Its global market share expanded to 13.5% in 2009 from 11.7% in 2008, according to market researcher Gartner Inc.

—Andrew Browne contributed to this article.



Government critics in Vietnam are target of spyware

Continued from first page

antigovernment activists.

"Vietnam is very keen to learn what China is doing to suppress dissent, and there is a close link between the public security ministries in both countries," said Carlyle Thayer, a Vietnam expert and professor at the University of New South Wales in Canberra.

Google in January publicized what it said was a series of attacks on accounts on its Gmail email service belonging to journalists and human-rights activists in China, as well as a hacking attack on it and other companies. Combined with growing concerns about censorship, Google last week decided to move its Chinese-language search operations to Hong Kong.

While the Vietnam attacks weren't as sophisticated as those in China, Google's Mr. Mehta wrote, they represent another example of how political expression is vulnerable to the deployment of malicious software and other hacking techniques.

Internet use in Vietnam has mushroomed in recent years. Vietnam's communications ministry says around a quarter of the country's 86 million people regularly surf the Web. While initially welcoming this rush of online activity, Vietnam's authorities have shown concern about how it can be used to spread criticism of government policies and agitate in favor of democracy and other reforms.

"The regime has discovered there is a whole flank they can be outmaneuvered on so they have come in hard. Their policy is to seize the initiative in the cyber domain and crush all opposition," Mr. Thayer said.

Last year, government officials instructed Internet service providers to block access to the social-network site Facebook, according to people familiar with the situation, and that Web site remains difficult to access in Vietnam.

Other sites that officials consider a threat to national security are also blocked. Separately, the government has jailed around a dozen human-rights activists recently in a coordinated crackdown on dissidents, analysts and diplomats say.

Vietnam's plans to develop a bauxite mine in the country's environmentally sensitive Central Highlands region has proved to be a magnet for dissent, both online and otherwise.

Police last year detained several bloggers for criticizing the government's plans to develop the mine in conjunction with Chalco, a unit of China's state-run Aluminum Corp. of China. Critics are concerned about environmental damage resulting from surface mining for bauxite, an ore used in making aluminum.

They are also worried about an influx of Chinese workers and growing Chinese influence in Vietnam. The two countries fought a border war in 1979 and continue to wrangle over control of islands in the South China Sea.

In December, an activist Web site called bauxitevietnaminfo.com was hacked, and McAfee said the attacks began around the same time. Mr. Kurtz said somebody broke into a Web site run by a California-based organization called the Vietnamese Professionals Society that was founded to promote better awareness of social and political issues in Vietnam. The hacker switched a Vietnamese-language keyboard program that can be downloaded from the site with a malware program.

Google's Mr. Mehta said computers attempting to download the keyboard software were infected with the malware. "These infected machines have been used both to spy on their owners" as well as render inaccessible blogs and Web sites containing antigovernment content, he wrote. The group couldn't be reached Wednesday.

Some of the country's largest trading partners already have expressed their concern about Vietnam's increasingly conservative tendencies as it struggles to deal with rising inflation and a widening trade deficit. Vietnam's finance ministry is considering proposals to introduce price controls on foreign and private companies selling goods such as gasoline, milk and building materials to help cap rising costs.

U.S. Ambassador Michael Michalak in December told a donor conference that the Internet curbs were hindering the expansion of commerce in the country.

Associated Press

Vietnamese students surf the Web at an Internet cafe in Hanoi. Google says spyware was used on government critics.

FROM PAGE ONE

India-Pakistan peace talks are at risk

Continued from first page

would make it unfeasible for Pakistan to move ahead with its own plans for a hydroelectric dam downstream. Pakistan wants to put the Kishenganga project before an arbitration panel—the first time that mechanism of the treaty will have been used.

"We're already a water-stressed country," Jamaat Ali Shah, Pakistan's Indus waters commissioner, said ahead of this week's meeting. India's construction of new dams is "aggravating the stresses."

The water dispute comes as the relationship between the nuclear-armed neighbors is at an inflection point. India last month invited Pakistan to discuss the resumption of regular peace talks, and the two countries' foreign secretaries met in Delhi Feb. 25. A water squabble could upset those peace efforts.

That would deal a major blow to Indian Prime Minister Singh, who views engagement with Pakistan as the best way to contain terrorism.

Further deterioration of relations between New Delhi and Islamabad would also be a setback for Washington's efforts to stabilize the region. Pakistan has told the U.S. that tensions with India on its eastern border over the disputed territory of Kashmir have prevented it from cracking down more aggressively on Taliban and al Qaeda leaders directing the insurgency in Afghanistan.

Islamist groups in Pakistan have taken up the water issue as a new focus. "If our government doesn't act to resolve this issue then the people will take it in to their own hands. If water doesn't flow in to these rivers, then blood will," said Hafiz Khalid Waleed, the political affairs chief of Jamaat-ud-Dawah, an Islamic charity. India and others call the charity a front for Lashkar-e-Taiba, the militant group it says orchestrated the Mumbai terrorist attacks in November 2008. Mr. Waleed denies any link to terrorism, calling it "American propaganda."

India and Pakistan signed the Indus Waters Treaty in 1960 with the help of the World Bank. As part of the treaty—which is widely viewed by experts as a model of how water conflicts can be managed—each side got unrestricted use of three rivers and rights to use the others' for non-consumptive purposes like flood control, navigation and bathing. India was granted limited agricultural usage of Pakistan's rivers, plus the right to build hydroelectric projects, as long as they don't store or divert large amounts of water.

Yet Pakistan's rows with India have intensified as its water situation has worsened over the years. Water availability in Pakistan has fallen 70% since the early 1950s to 1,500 cubic meters per capita. It is expected to reach the 1,000-cubic-meter level considered officially "scarce" by international standards in 25 years, according to a report last year by the Woodrow Wilson International Center for Scholars.

Pakistani officials acknowledge their water woes aren't caused by India's damming of rivers alone. Major reservoirs are filling with sediment picked up by the rivers on their routes to the sea. Canals are aging and breaking down. The World Bank says soil erosion and poor irrigation are sapping roughly 1% from Pakistan's Gross Domestic Product growth.

Skeptics in India say Pakistan is simply looking for a scapegoat as it struggles to manage its internal water politics.

Massimo Berruti/Agence Vu for The Wall Street Journal

A dry canal in Gujrat, Pakistan. The country has been suffering from water shortages, and its quarrels with India have intensified as its water situation worsened.

The especially arid province of Sindh, for example, blames the powerful upstream province of Punjab for consuming too much.

"Their water management is in terrible shape, and it's convenient to put the onus on India," said G. Parthasarathy, a former Indian envoy to Pakistan.

But Pakistani officials say New Delhi's actions are exacerbating a precarious situation.

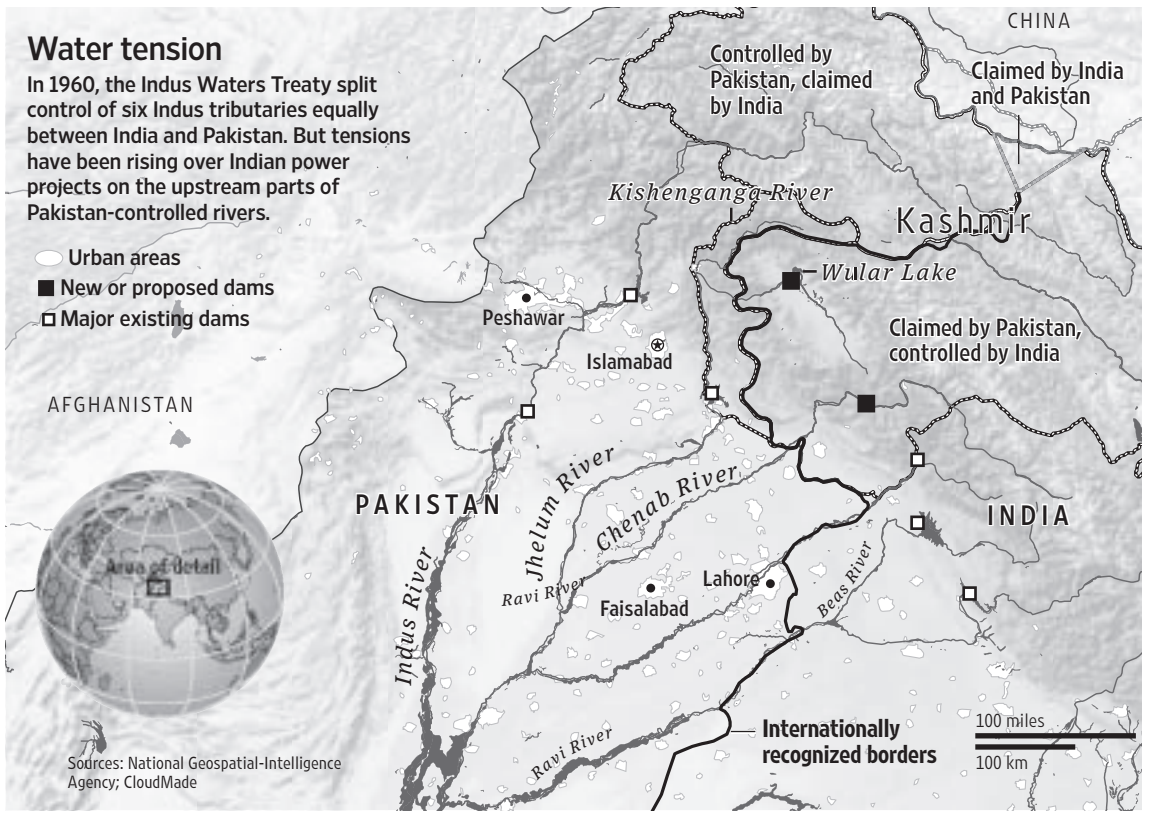
This year the Pakistan province of Punjab—the political heartland of the nation and a major producer of wheat, rice, maize and sugar cane—is facing unprecedented water shortages. At harvest time in Mandi Bahauddin, an area in the north of Punjab province of relatively prosperous farmland, the wheat still grows waist-high.

But farmers here complain that yields and incomes have dropped by a third in the past five years because of water shortages.

In the past, canals supplied water for irrigation year-round. They are now empty for about four months each year. That forces villagers to pump groundwater, which is fast turning brackish and causing diseases like hepatitis, said Tariq Mehmood Allowana, a local farmer and member of the provincial assembly.

Nearby, more than half of the Chenab river bed has become a dusty plain where children play with the flow reduced to a trickle.

"India is engaged in an economic warfare against Pakistan. If the problem persists for another five years the whole area will become barren," said Mr. Allowana.



Pakistan raised the water issue in Washington during an official visit last week. Secretary of State Hillary Clinton has signaled that Washington isn't interested in mediating on water issues.

A State Department spokesperson pointed to an interview Mrs. Clinton recently did with a Pakistani news channel in which she said it would be "sensible" to stick to the Indus Waters Treaty for resolving disputes.

The Indian projects that Pakistan says are draining its water resources are primarily on Indus tributaries in Kashmir. Some experts say the water issue is a back door way for Islamic militants to push their political agenda regarding Kashmir.

"They're saying, 'We must liberate Kashmir to save our water,'" said B.G. Verghese, a veteran journalist who has studied water issues closely and is a visiting professor at the Center for Policy Research, a New Delhi think tank.

WSJ.com

ONLINE TODAY: See photos from the controversial region plus watch a video about the dispute at **WSJ.com/World.**

Worried U.K. banks launch lobbying frenzy ahead of election
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Apple stands to win as carriers fight over iPhone
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BUSINESS & FINANCE.

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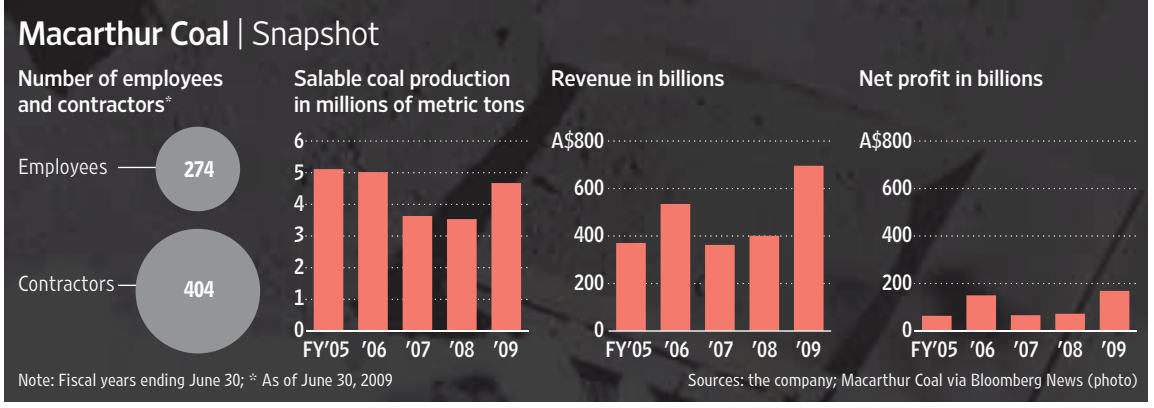
Macarthur Coal's Coppabella mine, southwest of Mackay in Queensland, Australia



Macarthur Coal spurns Peabody

Australian miner calls takeover offer too low

By Alex Wilson And Elisabeth Behrmann

MELBOURNE, Australia—Australian miner **Macarthur Coal** Ltd. rejected a US$3 billion takeover approach from **Peabody Energy** Corp., the latest attempt at consolidation in an industry crucial to meeting the needs of China and other fast-growing Asian markets.

Macarthur said it plans to press on instead with its planned takeover of Australia's **Gloucester Coal** Ltd. But Gloucester's shares fell 9.9% on investor concerns that the Peabody offer meant the previous deal wouldn't proceed.

Analysts said U.S.-based Peabody's offer of 13 Australian dollars (US$11.94) a share was too low but could be an opening gambit aimed at preventing the Gloucester deal in advance of of a sweetened bid. Macarthur closed up 16% at A$14.05, indicating investors expect a higher offer. RBS Morgans analyst Tom Sartor said a bid of A$16 to A$17 a share would be more realistic.

The offer marks the latest effort to consolidate Australia's coal industry, which has seen the ranks of listed coal players dwindle at the same time as resurgent Asian demand has been driving up prices.

Brisbane-based Macarthur said the "indicative, non-binding and highly conditional" offer from Peabody wasn't in the best interests of

Please turn to page 24

Samsung Life seeks $4.5 billion in IPO

By Se Young Lee

SEOUL—**Samsung Life Insurance** Co. is aiming to raise as much as $4.5 billion in an initial public offering.

Samsung Life, in a filing with the Korea Exchange on Wednesday, said it seeks to price the IPO between 90,000 and 115,000 won ($79.52 to $101.61) per share and will offer about 44.4 million shares. The final IPO pricing and its size will be determined April 27, and the shares are expected to trade around May 12.

The offering will herald the life-insurance sector's emergence as a local stock-exchange heavyweight.

The IPO, which will likely surpass the $3.74 billion IPO by Lotte Shopping Co. in January 2006 as South Korea's largest offering, will herald the emergence of the life-insurance sector as a heavyweight on the local stock exchange.

Samsung Life would have a market capitalization of about 23 trillion won if shares sell at the top of the price range, which would make it the fifth-largest company in South Korea. Korea Life, South Korea's second-largest life insurer, listed in March and commands a market capitalization of 7.6 trillion won.

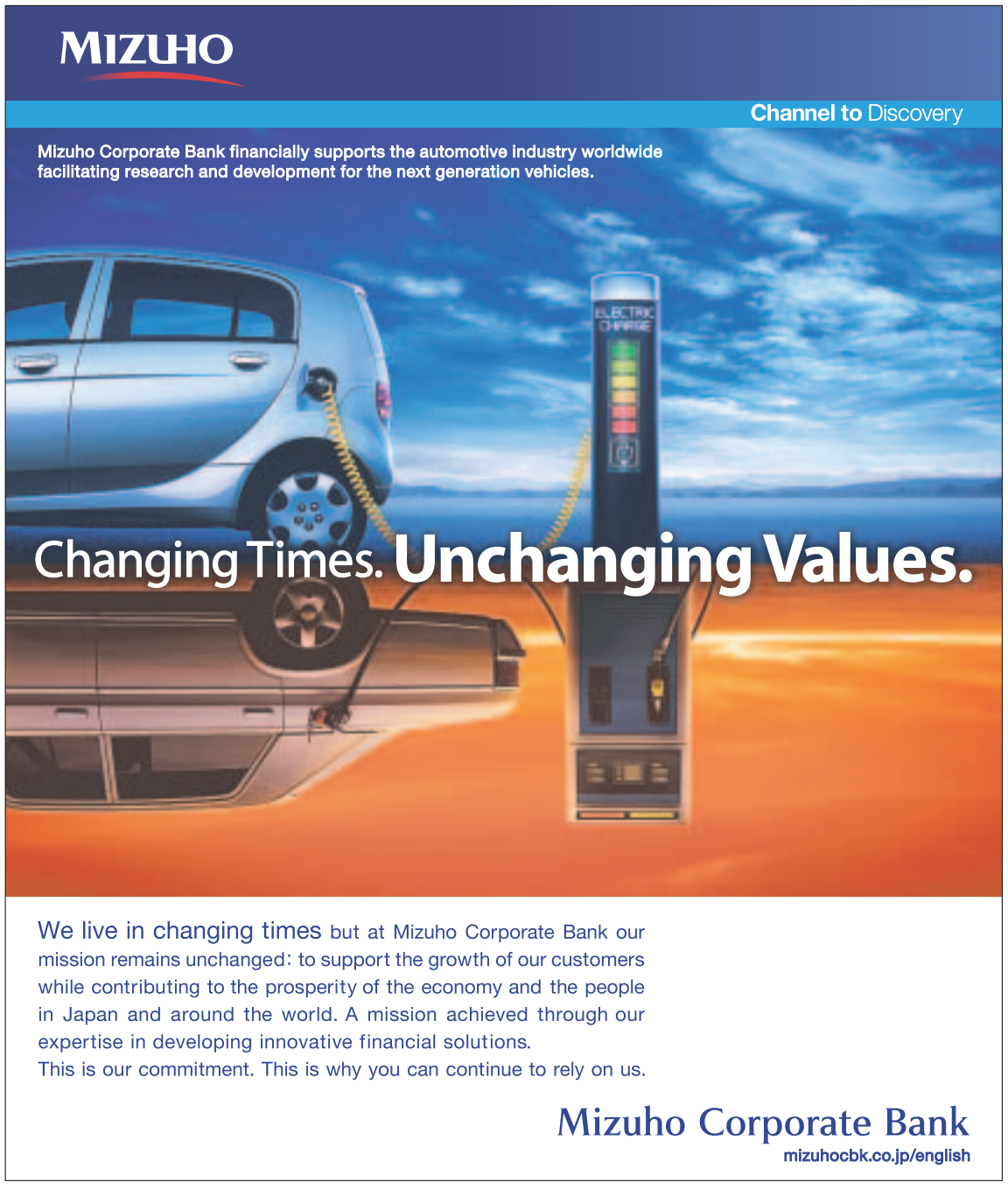
LIG Investment & Securities analyst Ji Tae Hyun said 100,000 won per Samsung Life share would be about the appropriate price, representing a price-to-book ratio of about two. He said Mirae Asset Life Insurance, which aims to list in the second half of this year, will certainly benefit should Samsung Life's IPO command a strong price.

A person familiar with the situation told Dow Jones Newswires in November that Mirae Asset seeks to raise between $400 million and $600 million.

Goldman Sachs Group Inc. is the global coordinator for the Samsung Life offering, and **Morgan Stanley**, Bank of America Merrill Lynch, Korea Investment & Securities and Shinhan Investment Corp. are also managing the IPO.

A dispute over confidentiality between Samsung Life and former creditors of now-defunct Samsung Motors, which include Seoul Guarantee Insurance Co. and Woori Bank, threatened to push back the IPO. But a person familiar with the situation said Monday that the Samsung Motors creditors ultimately decided to proceed with the IPO after getting satisfactory terms over the pricing and other conditions of the offering.

Those creditors got Samsung Life shares from then-Samsung Group Chairman Lee Kun-Hee in 1999 as collateral for 2.45 trillion won in debt. They plan to sell about 34.4 million shares through the IPO. **CJ Cheiljedang** Corp. and **Shinsegae** Co. plan to sell five million Samsung Life shares each.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We live in changing times but at Mizuho Corporate Bank our mission remains unchanged: to support the growth of our customers while contributing to the prosperity of the economy and the people in Japan and around the world. A mission achieved through our expertise in developing innovative financial solutions.
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Vehicle electronics take center stage

Software drives innovation but also is blamed for some mishaps; U.S. space agency gets involved in Toyota crisis

By Ben Worthen

With electronics responsible for some of the biggest vehicle-safety breakthroughs, such as antilock brakes and stability control, it's no surprise software is sometimes to blame when things go wrong.

Toyota Motor Corp. has received most of the attention, but other car makers also have had software-related incidents.

Software controls an ever-growing variety of functions in cars, including braking and accelerating, and vehicles increasingly include software that helps drivers parallel park or remembers seat positions, temperatures and radio stations preferred by drivers.

"Ninety percent of all innovation in cars today is driven by software," said Ingolf Krueger, an associate professor of computer science and engineering at the University of California in San Diego.

U.S. regulators on Tuesday announced a broad investigation into automotive computer systems and software, which have come under scrutiny because of sudden acceleration and other reports involving some Toyota cars.

An examination of Toyota's problems will be conducted by the National Aeronautics and Space Administration, while the National Academy of Sciences, which advises the government, will undertake a separate, 15-month study into the use of computer technology in cars, U.S. Transportation Secretary Ray LaHood said.

To date, the U.S. has evaluated software and electronic systems only as part of other reviews.

Toyota has said there is no evidence that software or electronic systems are responsible for sudden acceleration in its cars. The company "repeatedly and rigorously" tests its software and has subjected it to outside review, a spokesman said.

Ford Motor Co.'s 2010 Fusion Hybrid has a high-tech braking system that also recharges its battery through a process called regenerative braking.

Software monitors sensors in the car and determines when to engage the conventional braking system instead.

Several drivers filed complaints with the U.S. National Highway Traffic Safety Administration, the agency responsible for vehicle safety, stating that they depressed the brake pedal as far as possible but the brakes didn't engage.

A spokesman for Ford said a sensor on the car was set too sensitively and that software interpreted the signal to mean it should skip the regenerative-braking step. The company issued a software upgrade that it said would take care of the issue, avoiding a recall.

In November 2008, **General Motors** Co. recalled 12,662 of its 2009-model-year Cadillac CTS sedans because a software glitch caused the passenger-side air bag to be turned off when it should have been active.

That same year, **Volkswagen** AG recalled 4,079 2008 Passats because of software that didn't properly control the engine idle while the air conditioning was on.

And Toyota in February recalled 2010 Priuses to fix the software in their antilock brakes that some owners said led to delays in the brakes engaging.

To date, the NHTSA has evaluated software and electronic systems only as part of other reviews, such as whether an air bag deploys when it is supposed to, said a spokeswoman. The agency doesn't have any software or electronics specialists on staff, she added.

Auto software has some distinct characteristics.

For one, the programs are relatively simple and are designed to be embedded in simple components—typically eight-bit and 16-bit computer chips, compared with more advanced 32-bit and 64-bit microprocessors found in most personal computers.

The simplicity is intended to make the software more reliable—the fewer things it is asked to do, the less likely it is to experience a problem.

Indeed, Mr. Krueger said automotive software has led to some of the biggest jumps in safety and fuel-efficiency.

Electronic-stability-control systems, which detect when a car is skidding and automatically deploy the brakes, have reduced the number of vehicles that flip over, Mr. Krueger said.

In an effort to improve the quality of software in vehicles, several car makers in 2003 founded the Automotive Open System Architecture group to create standards. These systems have become enormously complex, said Simon Fuerst, a spokesman for the group, all the more so because car makers traditionally use their own proprietary software formats.

Raj Rajkumar, professor of electrical and computer engineering at Carnegie Mellon University, has recently been studying the software in a Lexus IS250, a car made by Toyota, that experienced sudden acceleration.

His hypothesis is that a software glitch caused the vehicle's fail-safe mode—which typically shuts off or reduces engine power in the event of a system failure—to not to kick in when it should.

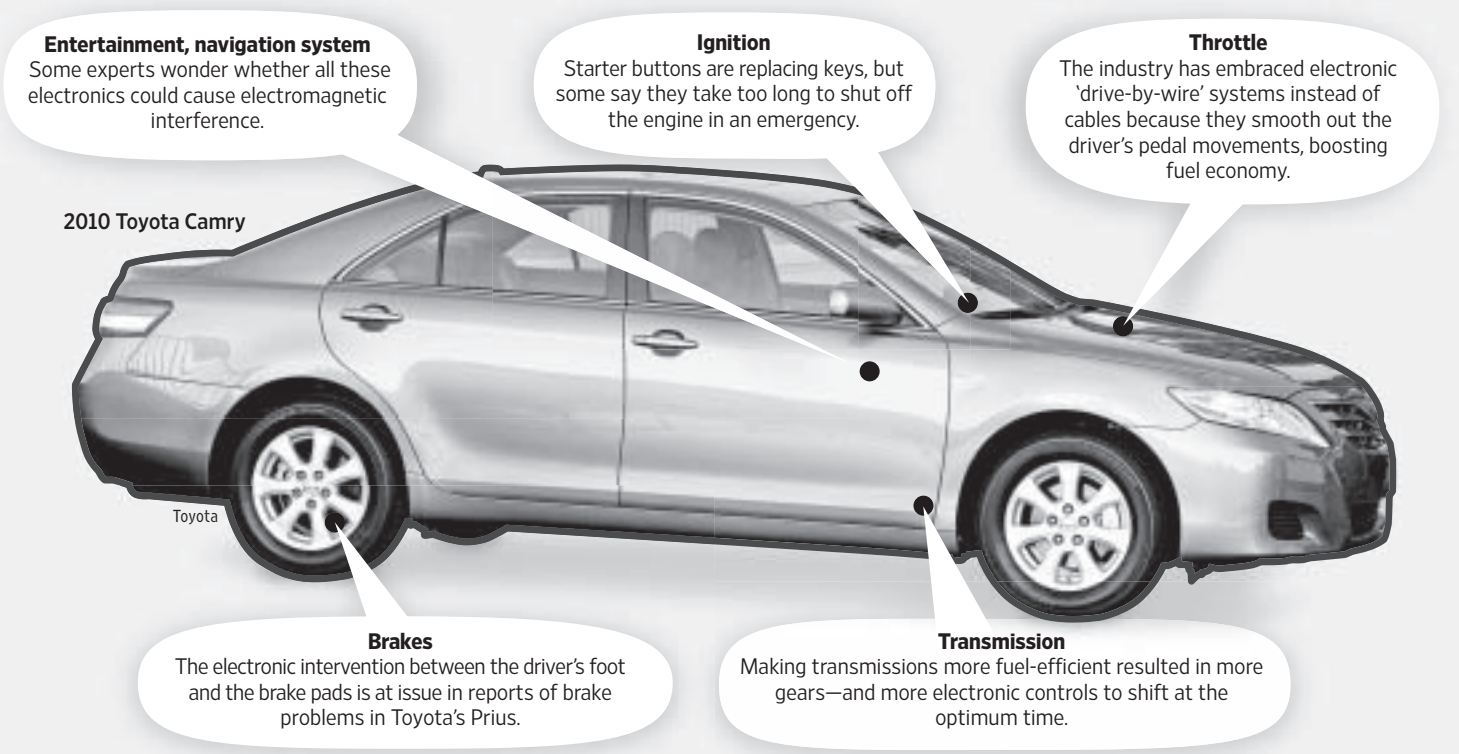
But he said he isn't certain and his study is made more difficult by the fact he doesn't have access to the software code used in the car.

Mr. LaHood on Tuesday said many members of Congress feel "there's something wrong with the electronics, not only just in Toyotas but in other automobiles, too. We felt that we really needed to look into this."

—Josh Mitchell contributed to this article.

Where the chips lie

Cars have turned into computers on wheels, and some experts worry that could lead to software glitches.


Entertainment, navigation system
Some experts wonder whether all these electronics could cause electromagnetic interference.
Ignition
Starter buttons are replacing keys, but some say they take too long to shut off the engine in an emergency.
Throttle
The industry has embraced electronic 'drive-by-wire' systems instead of cables because they smooth out the driver's pedal movements, boosting fuel economy.
2010 Toyota Camry
Toyota
Brakes
The electronic intervention between the driver's foot and the brake pads is at issue in reports of brake problems in Toyota's Prius.
Transmission
Making transmissions more fuel-efficient resulted in more gears—and more electronic controls to shift at the optimum time.

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The feared clash of three 3-D titans

Theater owners wonder how they can accommodate 'Alice,' 'Dragon' and 'Clash' over the holiday weekend

By Lauren A. E. Schuker

Associated Press

A glut of 3-D movies threatens to sap box-office receipts for each production. Convention-goers, above, got a sneak peek at 'Alice in Wonderland' last July.

A moment the movie industry has been dreading arrives this holiday weekend, as a trio of big-budget 3-D movies collide at the multiplex.

After a modest debut last weekend, **DreamWorks Animation SKG** Inc.'s family movie "How to Train Your Dragon" will square off not only against **Walt Disney** Co.'s 3-D juggernaut "Alice in Wonderland" but also Warner Bros.'s new 3-D action film "Clash of the Titans."

To make way for "Clash," theater owners are resorting to some desperate measures. They may have to yank "Alice," which has grossed nearly $300 million in the U.S., from many of its 3-D screens. People close to the situation estimate that "Dragon" will play on approximately 5% fewer 3-D screens than last weekend.

Cinemas also are considering playing different movies on a single 3-D screen. For example, some theaters could show "Dragon," which is geared toward younger children, during matinees and save "Clash," which is rated PG-13 in the U.S. and packs more violence, for evening showings.

The traffic jam reflects the growing pressure facing Hollywood films as a glut of 3-D movies crowd each other out. There are a limited number of 3-D screens available to handle Hollywood's oversupply.

Big-budget movies such as "Dragon" and "Alice," which each cost more than $100 million to make and millions more to market, must do heavy business opening weekend to become profit-gushers. Otherwise, they face the prospect of being shoved aside by new 3-D films coming down the pike.

Industry watchers are predicting that "Clash of the Titans," which is generating high interest among moviegoers, could take in more than $70 million during its opening weekend, far exceeding the $43.7 million that "Dragon" grossed last weekend in North America. But analysts expect "Dragon" to play more strongly through the next few weeks, while "Clash" could drop off significantly after opening weekend. On Monday, "Dragon" earned $4.8 million, down just 66% from Sunday. By comparison, DreamWorks' last animated film, "Monsters vs. Aliens," dropped 81% on Monday after its debut a year ago.

Still, DreamWorks Animation shares fell 8% in Monday trading on the disappointing weekend result.

Hollywood studios have been pressuring theater owners to clear out screens for each of their respective releases. The stakes of those negotiations rose because the roll-out of 3-D enabled screens hasn't gone as quickly as initially planned.

The 3-D movies have helped studios and exhibitors boost their profits. Theaters are racing to install hundreds of new 3-D screens, and may more than double the count by the end of the year.

But currently, only about 4,100 screens in North America, at roughly 2,500 locations, are 3-D enabled.

Theater owners are still divvying up the screens, but people close to the situation say that "Clash" is expected to be shown on roughly 1,500 3-D screens.

Warner Bros., a division of **Time Warner** Inc., surprised the industry when it said earlier this year that it was in the process of converting "Clash of the Titans" to 3-D just months before its release date.

At the time, some exhibitors said Warner Bros. said it was prepared to withhold other films from theaters that wouldn't make room for "Clash," though Warner Bros. denied that.

Warner Bros. is hoping to get ahead of the pack by opening "Clash" on Thursday rather than Friday. "By opening Thursday night, we can get the fanboys in early to spark word-of-mouth," says Dan Fellman, president of domestic distribution for Warner Bros. A Disney spokesman declined to comment.

"This sort of bottleneck will hurt, but ultimately it's a high-class problem" said Robert Marich, an industry analyst and author of "Marketing to Moviegoers."

"There is a lot of audience demand for 3-D movies, and that's a good thing," he said. "It's pretty normal that when a new technology comes along that the infrastructure lags behind demand."

—Ethan Smith contributed to this article.

CORPORATE WATCH

Sigma Pharmaceuticals reports $357.2 million loss

MELBOURNE, Australia—**Sigma Pharmaceuticals** Ltd. posted a 389 million Australian dollar (US$357.2 million) net loss for its latest fiscal year after slashing the book value of key assets.

Sigma said intense competition in Australia's generic drugs market led to the "disappointing" result. But the company said it had agreed new terms with its lenders and planned to sell noncore asset to help it return to profit in fiscal 2011.

The figures for the year ended Jan. 31 were weighed down by A$424.2 million in write-downs to the company's goodwill, including A$375.1 million stemming from a A$2.2 billion merger with Arrow Pharmaceuticals in 2005. The company reported a net profit of A$80.1 million for fiscal 2009.

Full-year revenue was A$3.22 billion, up 4.5%, but underlying net profit fell 16% to A$67.7 million.

Chief Executive Elmo de Alwis said that despite the result, Sigma was performing well.

Sigma posted its result Wednesday after lengthy delays as it renegotiated its debt burden and held discussions with auditors. The company said it won't pay a final dividend and any interim dividend would need to be approved by its lenders.

Sigma's shares closed down 44 Australian cents at 46.5 cents after falling as low as 38 cents.

Mr. De Alwis urged investors to focus on Sigma's plan to return to profitability, saying no further write-downs are expected and that growth in the first six weeks of the current fiscal year have been encouraging.

—Neil Sands

Astellas extends its offer for OSI Pharmaceuticals

TOKYO—**Astellas Pharma** Inc. said it will extend by three weeks a tender offer for **OSI Pharmaceuticals** Inc. shares that values the U.S. cancer-drug developer at $3.5 billion.

Japan's second-largest pharmaceutical maker by sales after Takeda Pharmaceutical Co. on Wednesday said its tender offer, which was to be finished March 31 in the U.S., will now continue through April 23.

By Tuesday, 37,858 OSI shares had been tendered to Astellas, accounting for just 0.06% of OSI's outstanding shares, a spokesman for the Tokyo-based drug maker said.

The tender-offer result backs analysts' views that Astellas's offering price of $52 a share isn't attractive to OSI shareholders. In 4 p.m. composite Nasdaq Stock Market trading in the U.S. on Tuesday, OSI's shares finished at $60.06.

The decision to review OSI's nonpublic information and the tender-offer extension keep alive Astellas's hope to acquire OSI by more accurately evaluating the U.S. company and possibly making a fresh offer.

The Astellas spokesman said the company can technically extend the tender offer again from April 23 but hasn't made any decision on the matter. OSI has said it was talking to other parties after refusing Astellas's offer for 13 months.

—John Kell

Indonesia's Rajawali sells Gresik shares for $1.1 billion

JAKARTA, Indonesia—**Rajawali** Corp. of Indonesia sold a 23.66% stake in PT **Semen Gresik**, the country's largest cement maker by assets and volume, in a $1.08 billion deal.

Bloomberg News

Rajawali bought a stake in cement maker Gresnik for $336.7 million in 2006.

Rajawali Managing Director Darjoto Setyawan said Wednesday that the group sold shares to a number of institutional investors. The sale is the largest equity transaction in Indonesia since June 2008, when coal miner PT **Adaro Energy** raised $1.3 billion in an initial public offering, according to data provider Dealogic.

Mr. Setyawan said Rajawali—an investment company owned by one of Indonesia's wealthiest businessmen, Peter Sondakh—will invest the proceeds in its businesses in plantations, mining, tourism and property.

J.P. Morgan Chase & Co. was the sole bookrunner on the transaction.

Rajawali bought a 24.9% stake in Gresik from Mexican cement maker **Cemex** SAB in 2006 for $336.7 million.

"Demand for the shares was dominated by institutional investors with a long-term investment horizon," said Arjun Khullar, head of equity capital markets for South and Southeast Asia at J.P. Morgan. He said the fact that the deal's size was raised to $1.08 billion from the base size of $798 million indicated the extent of demand.

After the sale, Rajawali has been left with 1.25% of Gresik, the Indonesian government with 51%, and public shareholders with the rest.

—Edhi Pranasidhi and Djoko Haryanto

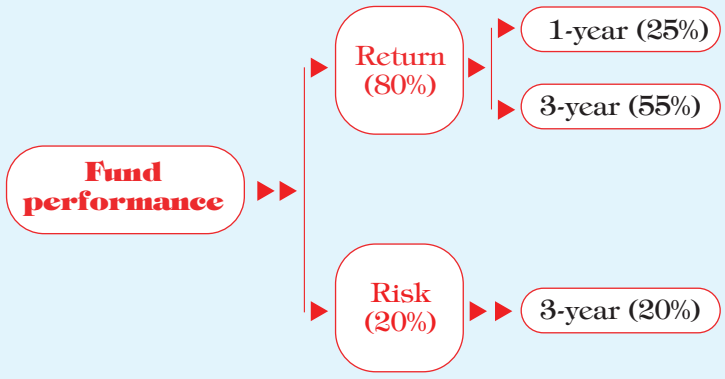
ADVERTISING SUPPLEMENT

MORNINGSTAR 2009 Fund Awards (Malaysia)®

Congratulations to the Morningstar Fund Award (Malaysia) Winners

This is the eighth year Morningstar presents the annual Fund Awards in Asia. Many of you may have participated with us in this remarkable annual event. If you're not, you can visit our website to explore all the details, but suffice it to say that our overwhelming objective has been to recognize those funds that had good performance in 2009, but most importantly that also delivered strong risk-adjusted returns for investors over the long haul, relative to appropriate benchmarks.

We know that there's often interest in who has fared best over a given year, but such figures are often very poor predictors of who will do well in the future. We therefore focused on one-, and three-year performance, looking at how funds fared relative to their Morningstar Category peers, after adjusting for risk. To adjust for risk, we used the Morningstar Risk measure, a state-of-the-art measure which uses utility theory to penalize funds more for downside variation in returns than for upside volatility, in keeping with actual investor concerns.



More than the quantitative selection criteria summarized in the flowchart here, we also incorporate qualitative ones. For example, if our fund analysts collectively believe that a fund's fundamental risks are just too high for performance to be sustainable, or if we think changes to the management team or structure of the fund could negatively impact future results, we won't give that fund an award.

Our new forward looking Qualitative Rating also helps in our qualitative checks. Experiences of our on-the-ground analysts and intensive manager meetings allow us to have better assessment to funds' fundamentals. Our Five Pillar approach (People, Process, Parent, Performance and Price) of the Qualitative Rating also gives us a more organized way to evaluate funds' qualities.

So without further ado, here are the winners for the 2009 Morningstar Fund Category Awards. We won't detail each fund here, but investors will notice a common thread: Many of the funds selected exhibited a fundamentally-oriented, long-term approach to investing, and a willingness to go against the crowd. That's no accident: following the herd is rarely a recipe for success, whilst original research and the courage to back your ideas with significant assets is often what sets the very best managers apart from the pack.

Morningstar Fund Awards	Award Winners	Morningstar Rating
Islamic Syariah Equity	HwangDBS AIIMAN Growth Fund	★★★★
Malaysia Equity	MAAKL Growth Fund	★★★★
Malaysia Small-Cap Equity	Pacific Pearl Fund	★★★★★
Malaysia Ringgit Bond	PB Fixed Income Fund	★★★★
Malaysia Ringgit Islamic Bond	Public Islamic Bond Fund	★★★★★
Islamic Balanced	CIMB Islamic Balanced Fund	★★★
Malaysia Ringgit Balanced	HwangDBS Select Balanced Fund	★★★★

For more information, please visit: http://hk.morningstar.com/fundawards/

CORPORATE NEWS

Huawei profit surges as sales climb

Chinese telecom-equipment maker uses lower prices to make significant headway into developed markets

By Aaron Back

BEIJING—Chinese telecommunications-equipment provider Huawei Technologies Co. said Wednesday its 2009 profit more than doubled because of rising sales and exchange-rate gains, and that it expanded from its strongholds in emerging markets into developed markets such as North America.

Huawei has steadily gained on global telecom-equipment giants because of its lower prices, even as the quality of its products has closed in on Western rivals, and according to a report by research firm **Gartner** Inc. it captured the No. 2 market-share position behind **L.M. Ericsson Telephone** Co. last year.

The closely held company said its net profit for the year rose to 18.27 billion yuan ($2.68 billion) from 7.85 billion yuan in 2008. Revenue rose 19% to 149.06 billion yuan from 125.22 billion yuan.

Huawei didn't provide a geographic breakdown of its sales, but a spokeswoman said that the company experienced strong growth in both developed and developing markets. The company's contract sales increased 53% in North America and 43% in Asian markets excluding China, she said.

In its annual report, the company said the surge in net profit was because of cost-control measures, which improved operating margins, and exchange-rate gains.

Huawei's global market share last year rose to 14.2% from 11.5% in 2008, Gartner said.

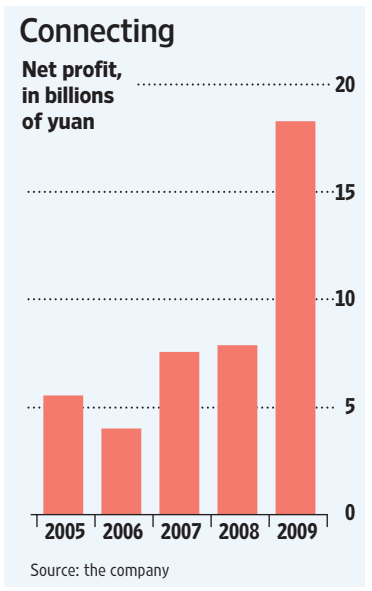
Gartner analyst Sylvain Fabre said the pricing gap that has helped Shenzhen-based Huawei and cross-town rival **ZTE** Corp. gain ground on Western companies is narrowing in mature markets. The Huawei spokeswoman said the company's main cost advantage is over the total lifetime cost of equipment, rather than the initial selling price.

Mr. Fabre said the quality of the Chinese vendors' equipment is quite similar to the gear offered by Western rivals.

Telenor ASA of Norway said in November when it selected Huawei for a six-year contract to supply a new wireless network that the Chinese company's technology and services were now in line with European vendors. The network Huawei is building in Norway replaces gear supplied by Ericsson and Nokia Siemens Networks, a joint venture between **Nokia** Corp. of Finland and **Siemens** AG of Germany.

Huawei posted a foreign-exchange gain of 6.973 billion yuan ($1.02 billion) in 2009, and said that without that gain, its 2009 net profit would have increased 27%.

The company didn't elaborate on what was behind the foreign-exchange gain. In 2008, the company reported a $776 million foreign-exchange loss because of the rise of the yuan against the dollar and other currencies that year. China halted the gradual appreciation of the yuan in July 2008 and has held the exchange rate steady since then as part of its response to the global financial crisis.



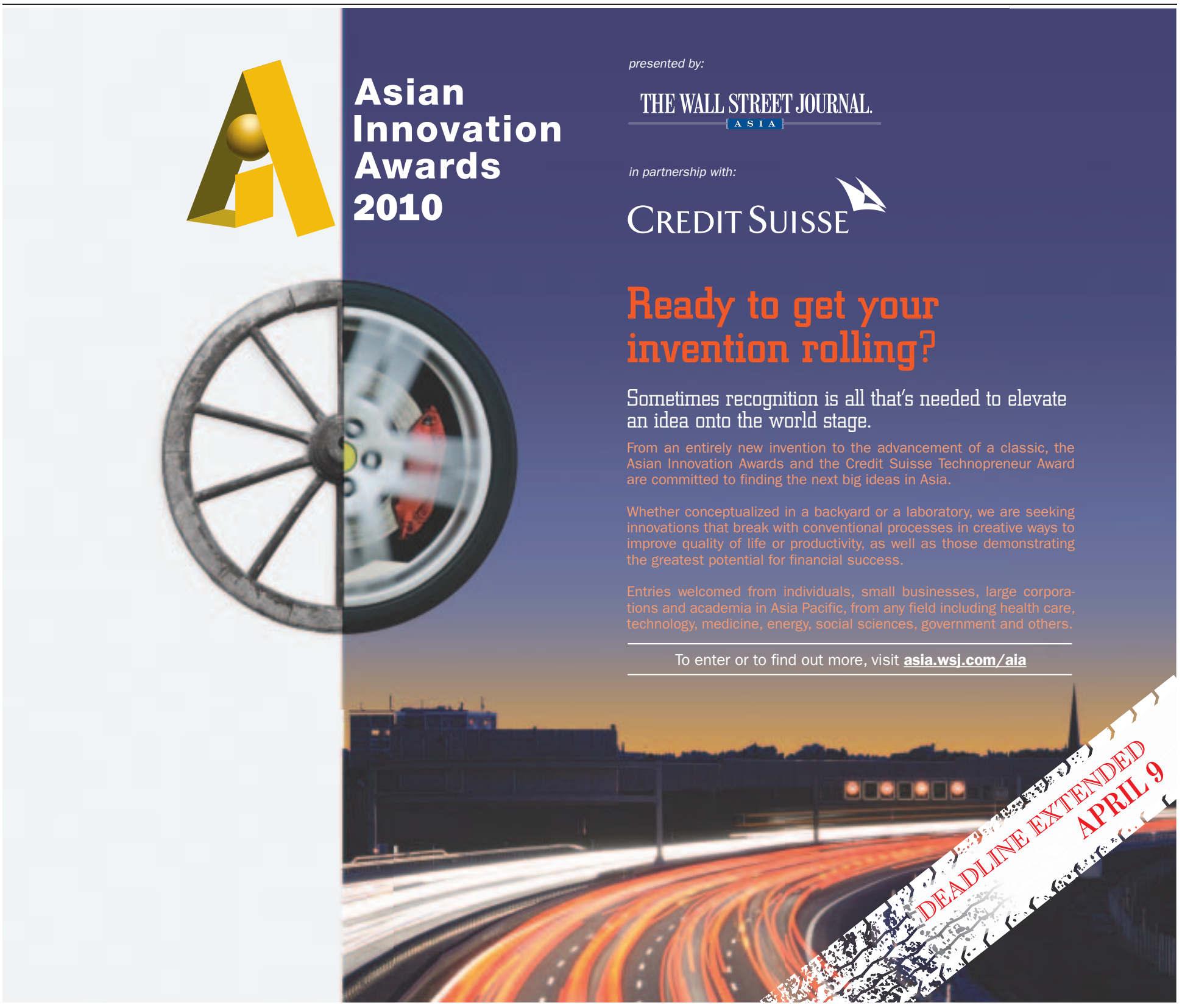
With the yuan virtually unchanged against the dollar for all of 2009, Huawei's foreign-exchange gain could be explained by sales in other currencies that rose against the dollar last year, but the Huawei spokeswoman declined to confirm this.

To hedge its foreign-currency risks, the company primarily relies on simple "natural hedging" strategies such as the use of foreign-currency loans, rather than the extensive use of dividends or other more complex strategies, the spokeswoman added.

Huawai says it is majority-owned by employees. The company doesn't disclose all details of its ownership structure or its financial performance. Huawei said it sees its business momentum continuing in 2010 and expects revenue to increase 20% this year.

Revenue growth slowed during 2009 from 34% in 2008 because of adverse economic conditions, the company said.

—Joyce Li contributed to this article.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CORPORATE NEWS

ICBC, World Gold Council team up

Pair will cooperate on developing new investment products for the lender's clients; China's gold demand surges

By Jason Dean

BEIJING—The World Gold Council has signed an agreement with **Industrial & Commercial Bank of China** Ltd. to cooperate on developing new gold investment products and programs for the Chinese lender's clients, council Chairman Ian Telfer said in an interview.

The arrangement with ICBC, China's largest bank by assets, is designed to promote continued strong demand for gold in China at a time when the country's recent rapid growth in gold production seems likely to slow, creating more need for imports, Mr. Telfer said Wednesday.

"The demand is out there and we're going to help [ICBC] create vehicles that people will find interesting so that they can accumulate gold," said Mr. Telfer, who is also chairman of Vancouver-based **Goldcorp** Inc., one of the world's largest gold-mining companies.

China's demand for gold has grown an average of 13% annually for the last five years, reaching about 443 metric tons last year, second only to India. About 80% of China's annual gold consumption goes toward making jewelry. The World Gold Council, established by a group of large mining companies to stimulate demand for the metal, wants to increase the use of gold in China for investment purposes.

ICBC has more than 16,000 branches in China and more than 200 million individual clients. One program the council hopes to promote as part of its deal with the bank is a "gold accumulation plan," in which investors give the bank money which it uses to buy gold on their behalf in daily increments over a period of time. The goal is to smooth out price differentials for investors, so they aren't put off from investing by gold's daily price volatility.

The World Gold Council started a similar program about 20 years ago in Japan, which has worked well, said Albert Cheng, managing director for the Far East.

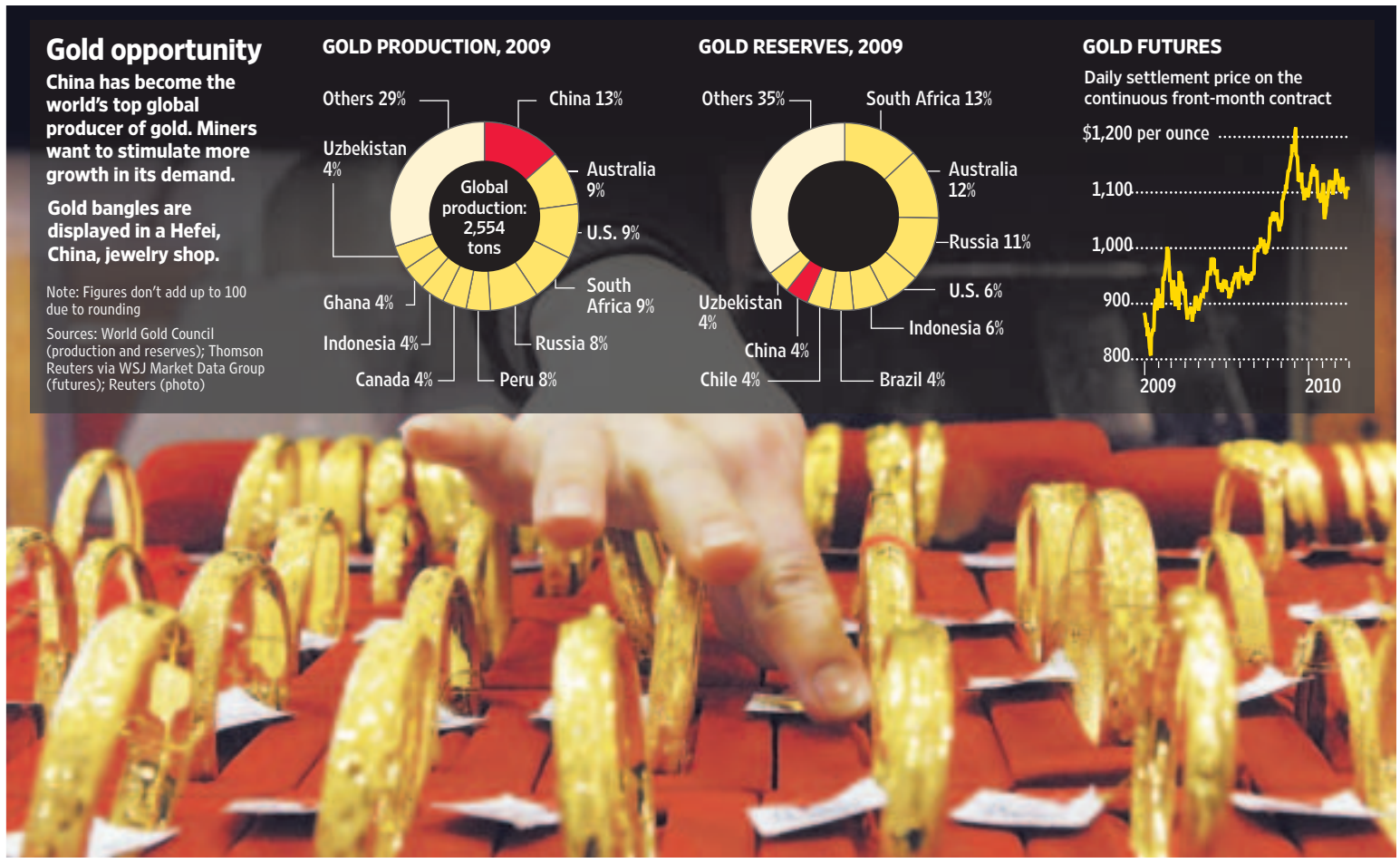
A news department official for ICBC declined to comment.

Mr. Telfer said that while he expects Chinese demand to continue growing strongly, supply growth is likely to weaken in coming years. As gold prices have risen over the last decade, annual output from Chinese gold mines has increased 84%—far more than anyone in the industry expected, Mr. Telfer said. China became the world's biggest gold producer in 2007, overtaking South Africa.

But gold is getting harder to find. At current rates of production, China would exhaust its known gold reserves in about six years, he said. While that doesn't mean China will have to stop mining in six years—it is highly likely to find more gold in the meantime—the figure nonetheless underscores the metal's scarcity in China. Mr. Telfer said the comparable figure in most countries with large gold reserves is about 15 years.

Chinese mines are already expensive to operate relative to major mines abroad, because their deposits tend to be small and hard to reach. Mr. Telfer cited figures from one major Chinese miner, which he didn't name, that produces just over a million ounces of gold a year from about 20 mines. Goldcorp, by comparison, produces about three million ounces a year from just 11 mines.

Mr. Telfer said China is likely to buy more gold from abroad in future years. "I see that import number increasing and increasing, because the demand continues to strengthen but the supply will be flattish," he said.



Baosteel net fell 10% last year

By Shen Hong

SHANGHAI—**Baoshan Iron & Steel** Co. said Wednesday that its 2009 profit fell 10% because of a sharp drop in export demand and falling product prices during the global financial crisis.

Profit for the 12 months ended Dec. 31 was 5.82 billion yuan ($852.2 million), down from 6.46 billion yuan a year earlier.

Revenue fell 26% to 148.53 billion yuan from 200.64 billion yuan.

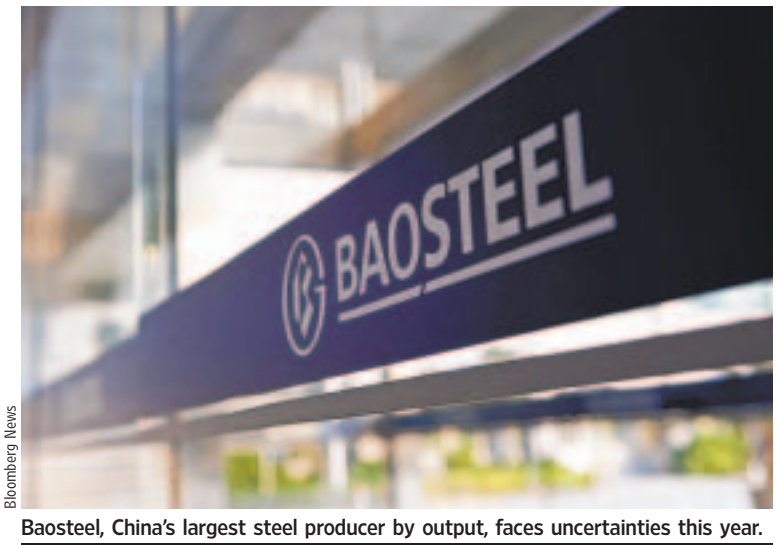
Baoshan Iron is the listed unit of **Shanghai Baosteel Group** Corp., China's largest steel producer by output.

The Shanghai-based steelmaker said that this year it faces uncertainties because of a still nascent global and domestic economic recovery.

"The slow growth of demand for domestic steel products and the rapid expansion of production capacity will make supply and demand less balanced," it said in a statement.

China's pledge to further reduce carbon emissions will also pressure the company, it said.

In addition, the company said steelmakers are entering an era of "thin margins," partly as operating costs increase in an environment of a "highly monopolized" supply of international iron ore.



Bloomberg News

Baosteel, China's largest steel producer by output, faces uncertainties this year.

Boasting the largest steel industry in the world, China spent $50.14 billion importing ore last year, more than any other nation. The government concedes it has been unable to negotiate pricing, buy in a systematic way or allocate the mineral effectively.

Until recent years, ore prices world-wide were set in high-stakes, but established, annual negotiations between sellers and their major customers in Japan and South Korea aimed at creating a benchmark. But the sudden explosion in demand from China's diffuse steel industry has undercut the benchmarking system. Today, many Chinese steelmakers approach sellers directly to negotiate prices, frustrating various strategies developed by Beijing to translate the national demand into bargaining power.

Macarthur spurns Peabody

Continued from page 19

its shareholders, offering only a 7% premium to its closing price Tuesday of A$12.09 a share and not recognizing the strong outlook for coal markets. "Peabody's proposal is highly conditional and does not fully value Macarthur and its significant growth prospects," Macarthur Chairman Keith De Lacy said in a statement.

Mr. De Lacy said Macarthur believes there are benefits in its planned takeover of Gloucester, which would also see it assume 100% ownership of the Middlemount mine by purchasing the stake of Gloucester's majority owner, Hong Kong's **Noble Group** Ltd.

Peabody said there is a strong rationale for combining Macarthur's assets with its Australian coal mines. "Peabody believes that its proposal can deliver a superior outcome for all Macarthur shareholders and is disappointed with the Macarthur board's initial reaction," the miner said in a statement.

Macarthur is the world's biggest exporter of pulverized, or PCI, coal, which is used in steelmaking. It has traditionally sold most of its coal to steel mills in Japan and South Korea but last year also began selling to China as demand from its traditional markets waned. A resurgent Chinese steel industry is driving strong demand for PCI coal, with some producers recently announcing they had secured an 89% increase in prices in annual negotiations with customers.

Key to Peabody's success will be the attitudes of Macarthur's three biggest shareholders, which account for 47% of the miner's shares. China state-controlled financial trust **Citic Group** holds a 22% stake in Macarthur, while Luxembourg-based steelmaker **ArcelorMittal** holds 17% and South Korean steelmaker **Posco** holds 8.3%, according to Macarthur's annual report.

Posco and ArcelorMittal bought their stakes for A$20 a share in 2008 as takeover speculation swirled around Macarthur. Peabody said it is offering the three shareholders the alternative of retaining their interests in Macarthur, which would become a privatized company operated and controlled by Peabody.

A spokesman for Posco said the company was reviewing the Peabody offer, while a spokesman for Citic metals and commodities unit **Citic Resources Holdings** Ltd. declined to comment. **J.P. Morgan** is advising Macarthur, while Rothschild is advising Peabody.

—David Winning in Sydney contributed to this article.

U.K. banks' lobbying blitz

As election approaches, financial firms try to ward off taxes; a switch to the Conservatives

By Sara Schaefer Muñoz And Alistair MacDonald

LONDON—British financial firms have launched a frenzy of political lobbying aimed at muting the impact of potential taxes and regulatory proposals aimed at their industry.

But as a too-close-to-call national election approaches, the banks may be wondering: Is anybody listening?

The ruling Labour government recently slapped the industry with an unexpected tax on bankers' bonuses and has been calling for a global bank levy. The opposition Conservative Party, the favorite to win an election that must be held by June, also jumped on the bank-tax bandwagon this month, saying it, too, planned to hit the banks with a tax to repay the public for the bailouts during the financial crisis.

Meanwhile, European Union regulators are weighing new rules on everything from complex financial instruments to banks' risk exposure.

In recent years, U.K. financial firms could take it easy at election time. While they were hit with heavy taxes for a spell under Prime Minister Margaret Thatcher, in the past decade they enjoyed the "light touch" regulation and support of Labour. The industry's position was buttressed by the fact that it is the source of 25% of the U.K.'s corporate-tax take. A national election, says the head of government relations for a large London bank, was typically regarded with "a very broad yawn."

UPPA/Zuma Press

The Conservative Party's posters are driven past the Houses of Parliament in London on Sunday.

But the financial crisis—and the resulting political effort to capitalize on antibank sentiment—has changed that. U.K. firms are now marshaling their forces as never before, not just in the U.K. but in Brussels, where European regulators have targeted things like complex financial instruments and banks' size. **Lloyds Banking Group** PLC this year added two people to its team that monitors EU legislation. Other financial firms are working through a new body, the Association for Financial Markets in Europe, formed largely to lobby lawmakers in Brussels.

David Cameron

Banks, brokerages and hedge funds are well aware they are disliked in the wake of the financial crisis and realize no politician wants to be seen cozying up to them.

So they are channeling their concerns through trade groups such as the new financial-market association and the British Bankers' Association, as well as through private consultants such as Cicero Consulting and Hanover Communications.

Financial executives are still taking some traditional routes. Last autumn, the U.K.'s Conservative Party leader, David Cameron, held a cocktail party at the Grange Hotel in central London to liaise with London's business community, where 1,400 people crowded in. Several dozen more were turned down.

"I've never known a period so close to an election where the lobbying is as strong and active as we are currently seeing," said Iain Anderson, director and chief corporate counsel at Cicero Consulting.

Campaign-finance records in the U.K. don't detail contributions to each party by sector. But in the past several elections, the financial sector generally supported Labour, especially after the party courted business leaders in a series of lunches and conferences known as the "prawn cocktail offensive" in the 1990s, said Karel Williams, director of the Centre for Research on Socio-Cultural Change at Manchester University.

This time, banks and other financial firms have cautiously backed the Conservatives. But they are far from sure the right-leaning party will prove to be an ally, people close to banks and financial firms say. The banks worry that the Conservatives haven't publicly promised they won't repeat December's bonus tax, and Mr. Cameron's recent bank-levy proposal doesn't signal bank-friendliness, either.

Banks and financial firms also fret over how much influence the traditionally "Euro-skeptic" Conservative Party would wield amid other European leaders in Brussels. Mr. Cameron broke away from the mainstream conservative European People's Party, and U.K. financial firms are looking for assurance that their interests won't be steamrolled as the EU finalizes new financial regulations.

The Conservatives say that senior officials such as George Osborne and Mark Hoban have already been meeting with decision makers in Brussels and have signaled they will install a semipermanent minister in Brussels. Still, banks and financial firms are pushing for more details, such as how many hours a week this minister will spend there, people close to the efforts say.

Conservative leaders say they have good relations with the financial sector. Conservative member of Parliament Richard Spring helps to run both the Conservatives' City Circle, an organization aimed at getting support and feedback from the City's finance professionals, and the City Futures group for younger professionals.

Events include lunches attended by Mr. Osborne, the Conservative Party's top finance official.

The closeness of the race this year is also adding complexity to the activity.

The possibility that there will be no majority party in the U.K. Parliament could give a smaller party, the centrist Liberal Democrats, significant power.

Australia takes step to permit a rival to ASX

By Rachel Pannett

CANBERRA, Australia—The government on Wednesday took the next step toward ending **ASX** Ltd.'s near-monopoly on exchange trading of Australian stocks, giving in-principle support for a market license application by Chi-X Australia Pty Ltd.

It comes as the Australian Securities and Investments Commission is due to take over supervision of real-time trading on financial markets from ASX Ltd. in the third quarter of this year, paving the way to competition.

Chi-X is a wholly owned subsidiary of **Chi-X Global** Inc., which already operates markets throughout Europe and Canada.

A final decision on Chi-X's license application will be made once the necessary regulatory framework is in place, Financial Services Minister Chris Bowen said. He added that he has received advice from the securities commission that Chi-X is "well on the way" to meeting requirements for a license.

While competition between financial markets for trade-execution services is new to Australia, alternative trading systems have successfully operated in the U.S. and Europe for a number of years. The introduction of competition will have implications for price discovery, compliance and best execution, Mr. Bowen said.

"The government's announcement of support for competition between financial markets operating in Australia is an important step in ensuring that Australia's financial markets are innovative and efficient, now and into the future," he said. Other market licenses will also be considered on their merits.

The ASX had initially sought to bar new licenses to rival operators, saying it could create market volatility. But in recent times it has been cooperating with the commission in the transfer of supervision responsibility.

U.S.-based **Liquidnet Holdings** Inc., along with AXE ECN Pty. Ltd.—a joint venture between New Zealand stock-exchange operator NZX Ltd. and five brokers—have also indicated an interest in operating rival exchanges in Australia.

Loans without backing are focus of Redwood offering

By James R. Hagerty And Nick Timiraos

Redwood Trust Inc. is trying to reopen the market for securities backed by home-mortgage loans without any government backing, according to people familiar with the situation.

These people say the Mill Valley, Calif., mortgage-investment manager may launch as soon as next week an offering of such securities totaling at least $200 million, though the deal could be postponed if market conditions aren't propitious.

The transaction would be the first sale in more than two years of private-label securities backed by newly originated home mortgages. Other firms recently have issued private-label securities containing mortgages that were made in past years.

The market for private-label mortgage securities—those not backed by **Fannie Mae**, **Freddie Mac** or any other government-controlled entity—dried up more than two years ago when a surge in defaults killed investors' desire for such bonds.

If the Redwood transaction is successful, it could mark a small but important step toward healing a market that has been so devastated that it has become almost entirely dependent on government backing.

The Redwood securities would be backed by "jumbo" mortgages, or those too big to be backed by government agencies. Jumbo-lending volume has fallen sharply because banks have to hold those loans in their portfolios, and that has put pressure on the upper end of the housing market.

Redwood declined to comment.

At the peak of the housing boom in 2006, private-label mortgage securities accounted for 56% of the $2 trillion in mortgage securities sold to investors, according to Inside Mortgage Finance, an industry publication. But the private-label market has been nearly dead since the third quarter of 2007.

Even if the market's first offering is successful, it isn't likely to trigger an immediate rush of new issues. That is partly because lenders aren't originating large numbers of non-government-backed mortgages. The maximum size of "conforming" loans—those that can be sold to Fannie Mae or Freddie Mac—has risen to $729,750 in the priciest housing markets, up from $417,000 during the housing boom. As a result, most home buyers can get a conforming loan rather than a jumbo, which carry higher interest rates. Sales of higher-end homes in many markets have been sluggish, further reducing the supply of mortgages tied to the homes.

Investors could be attracted to deals right now because credit quality is strong, fueled by loan underwriting standards that are near the tightest levels in at least a decade. "You will see a couple of folks get out there and get these deals done in the next couple months," says Paul Bossidy, chief executive of **Clayton Holdings** LLC, who is working on a separate transaction.

The prospect of renewed interest from some private investors in mortgage bonds comes as the Federal Reserve on Wednesday is set to end its $1.25 trillion in purchases of mortgage-backed securities that has helped keep mortgage rates near record lows.

Meanwhile, the Association of Mortgage Investors, a trade group, on Tuesday issued a set of "guiding principles" to Congress and regulators with suggestions on how to revive private investment in mortgages. "Investors provide the capital that make securitization markets work," said Micah Green, a partner at the law firm of Patton Boggs LLP, who represents the association. But, he said, "the lessons learned over the last three years demand greater transparency and empowerment of investors for them to be comfortable buying mortgage products in the future."

Among other things, the association called for more information on individual loans that are put into pools of mortgages backing securities and more time for investors to review that data before making decisions.

Investors pounce on property bonds

By Ditas Lopez

SINGAPORE—New dollar bonds from Hong Kong-listed **New World Development Co.** Ltd. and Singapore's **CapitaMall Trust Management** Ltd. rallied on their first day of trading in Asia after pricing late Tuesday with large order books, capping off a record first quarter of global offerings from the region.

BOND MARKETS

The well-received deals from the property companies underscored the depth of the market's appetite for new Asian issues, even as borrowers scramble to raise funds amid the prospect of rising interest rates in the region in the coming months.

New World attracted about $2 billion in demand for its $250 million issue, and CapitaMall Trust had an order book of $1.1 billion for its $500 million offering.

Worries over the debt woes of Greece and other countries in the euro zone, which had rattled the markets over the past several weeks, have began to fade, supporting the Asian credit market.

New World sold more of its existing February 2020 bond to help fund property development and repay debt. The reopening of the bond brought the outstanding issue to $750 million.

The additional 10-year bond was priced at 102.268 to pay a yield of 6.68%, or 2.80 percentage points over the comparable U.S. Treasury yield, according to a term sheet. By midday Wednesday, the bond was trading at a yield of 2.75 percentage points over Treasurys, traders said.

The yield that New World paid for the additional issuance was lower than the 7% yield when it first sold the bond on Feb. 3.

In a rare issue out of Singapore, CapitaMall Trust priced its bond at par to pay a yield of 4.321% or 1.72 percentage points over Treasurys. That was at the tight end of the final guidance of 1.72 to 1.75 percentage points over Treasurys, which was revised from 1.70 to 1.80 percentage points.

By midday, the April 2015 bond being issued by CapitaMall subsidiary CMT MTN Pte. Ltd. was trading at 1.64 to 1.67 percentage points over the comparable U.S. Treasury yield, according to a trader.

Japanese bonds

In Tokyo, prices for Japanese government-bond futures fell slightly as a weaker yen alleviated fears that Japan's export-driven economy will experience another downturn, encouraging some players to let go of safe-haven assets.

The yield on 10-year government bonds was flat at 1.390%. The two-year yield rose 0.01 percentage point to 0.175%, though the five-year yield was flat at 0.545%.

Early rally loses steam for Treasurys

By Min Zeng

NEW YORK—Treasurys' prices were higher but off the best levels of the day Wednesday as weak employment and manufacturing data spurred many investors to return to the comfort of safe-haven U.S. government securities.

The buying in Treasurys was driven mainly by the early-morning release from payroll processor Automatic Data Processing Inc. and consultancy Macroeconomic Advisers showing a loss of 23,000 jobs in the private sector, in contrast to the forecast of an increase of 50,000 jobs for March.

U.S. CREDIT MARKETS

The Treasurys market also benefited from month- and quarter-end buying, traders said. Many fund managers buy newly auctioned Treasurys to match the monthly adjustments in the benchmark indexes they use to measure the performance of their bond portfolios.

In midday trade, the two-year note was 2/32 higher in price at 99 30/32, yielding 1.0317%. The 10-year note was up 7/32 at 98 7/32 to yield 3.8431%, and the 30-year bond was up 12/32 at 98 9/32 to yield 4.7327%. Bond yields move inversely to prices.

The 10-year note's yield, the benchmark for U.S. consumer and corporate borrowings, dipped to as low as 3.812% early Wednesday, down from last week's high of 3.934%, the strongest level since June.

While the price gains were a relief from last week's heavy selling, the buying was tempered by some selling related to weakness in the mortgage-backed securities market as the Federal Reserve officially ended its $1.25 trillion buying program Wednesday. Many market participants expect a modest rise in mortgage rates in coming weeks with the Fed no longer a major buyer in the MBS market. But they said any major rise could spur MBS investors to sell more Treasurys to hedge against the risk of a rise in interest rates, which would hurt the value of their bond portfolios.

FUND SCORECARD

Sector Equity Real Estate Direct

funds have the legal status of an investment fund, and directly invest in and/or manage real estate (i.e., they directly own or manage "bricks and mortar" property). At least 50% of the total assets are invested directly in real estate properties. This category may include funds that specialise in a particular national or regional market. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 31, 2010

Leading Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
NS	**DIM Vastgoed Inc**	DIM Vastgoed N.V.	USD	NethrInds	**2.67**	135.49	-9.81	0.36
NS	**Vastned Offices/Industrial Inc**	Vastned Management B.V.	EUR	NethrInds	**6.86**	104.65	-18.61	-0.74
NS	**Vastned Retail Inc**	Vastned Management B.V.	EUR	NethrInds	**1.16**	89.88	-13.57	4.90
NS	**Eurocommercial Properties Inc**	Eurocommercial Properties N.V.	EUR	NethrInds	**-2.07**	69.77	-8.69	9.76
NS	**Nieuwe Steen Investments Inc**	Nieuwe Steen Investments N.V.	EUR	NethrInds	**3.76**	46.70	-4.62	5.39
NS	**SF Property Securites CH A**	Credit Suisse Asset Management Funds AG	CHF	SwitzrInd	**3.13**	34.75	0.14	NS
NS	**Millennium Imobiliário**	Millennium bcp Gestão de Fundos	EUR	Portugal	**-5.64**	30.73	-16.64	NS
NS	**Thames River Property Gr Inc EUR Acc**	Thames River Capital LLP	EUR	Guernsey	**-3.88**	28.45	-11.33	4.97
NS	**Ignis UK Property Acc**	Ignis Asset Mgmt	GBP	United Kingdom	**-2.76**	28.10	-13.07	-3.77

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
AHW Top-Div.Int.	GL	EQ	LUX	03/30	EUR	53.36	-1.8	40.8	-20.1

AllianceBernstein

ALLIANCE BERNSTEIN
www.alliancebernstein.com/investments Tel. +800 2263 8637

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Am Eq Blend A	OT	OT	LUX	03/30	USD	10.90	5.1	49.9	-6.9
Am Eq Blend B	US	EQ	LUX	03/30	USD	10.22	4.8	48.5	-7.8
Am Growth A	US	EQ	LUX	03/30	USD	31.98	2.4	47.0	2.3
Am Growth AX	US	EQ	LUX	03/30	USD	34.57	2.5	47.8	2.9
Am Growth B	US	EQ	LUX	03/30	USD	26.83	2.2	45.5	1.3
Am Growth C	US	EQ	LUX	03/30	USD	28.91	2.3	46.3	1.9
Am Growth I	US	EQ	LUX	03/30	USD	35.51	2.6	48.1	3.1
Am Income A	US	BD	LUX	03/30	USD	8.56	2.5	27.6	7.2
Am Income A2	US	BD	LUX	03/30	USD	19.62	3.0	27.6	7.2
Am Income A2	OT	OT	NA	03/30	HKD	152.35	3.0	27.6	7.2
Am Income AT	OT	OT	NA	03/30	HKD	66.62	3.0	27.5	7.2
Am Income AT	US	BD	LUX	03/30	USD	8.58	3.0	27.5	7.2
Am Income B	US	BD	LUX	03/30	USD	8.56	2.4	26.6	6.4
Am Income B2	US	BD	LUX	03/30	USD	16.88	2.9	26.6	6.5
Am Income B2	OT	OT	NA	03/30	HKD	131.07	2.9	26.6	6.5
Am Income BT	OT	OT	NA	03/30	HKD	67.01	2.9	26.8	6.5
Am Income BT	US	BD	LUX	03/30	USD	8.63	2.9	26.8	6.5
Am Income C	US	BD	LUX	03/30	USD	8.56	2.4	27.0	6.7
Am Income C2	US	BD	LUX	03/30	USD	25.11	2.9	26.9	6.7
Am Income I	US	BD	LUX	03/30	USD	8.56	2.6	28.4	7.9
Am Value A	US	EQ	LUX	03/30	USD	8.93	4.7	38.2	-5.6
Am Value B	US	EQ	LUX	03/30	USD	8.20	4.5	36.9	-6.6
Am Value C	US	EQ	LUX	03/30	USD	8.92	4.6	37.7	-6.1
Am Value I	US	EQ	LUX	03/30	USD	9.63	4.9	39.4	-4.9
Emg Mkts Debt A	GL	BD	LUX	03/30	USD	15.96	3.7	44.0	10.1
Emg Mkts Debt A2	GL	BD	LUX	03/30	USD	20.95	4.2	43.8	10.1
Emg Mkts Debt AT	GL	BD	LUX	03/30	USD	16.08	4.2	43.9	10.1
Emg Mkts Debt B	GL	BD	LUX	03/30	USD	15.96	3.5	42.7	9.0
Emg Mkts Debt B2	GL	BD	LUX	03/30	USD	20.13	4.0	42.4	9.0
Emg Mkts Debt BT	GL	BD	LUX	03/30	USD	16.05	4.0	42.4	9.0
Emg Mkts Debt C	GL	BD	LUX	03/30	USD	15.96	3.6	43.4	9.6
Emg Mkts Debt C2	GL	BD	LUX	03/30	USD	20.56	4.0	43.1	9.6
Emg Mkts Debt I	GL	BD	LUX	03/30	USD	15.96	3.8	44.8	10.6
Emg Mkts Growth A	GL	EQ	LUX	03/30	USD	35.01	1.0	78.1	-7.9
Emg Mkts Growth B	GL	EQ	LUX	03/30	USD	29.60	0.8	76.3	-8.9
Emg Mkts Growth C	GL	EQ	LUX	03/30	USD	30.31	0.9	77.3	-8.4
Emg Mkts Growth I	GL	EQ	LUX	03/30	USD	38.88	1.2	79.4	-7.2
Eur Growth A	OT	OT	LUX	03/30	USD	10.04	6.5	50.4	-7.1
Eur Growth A	OT	OT	LUX	03/30	EUR	7.49	6.5	50.4	-7.1
Eur Growth B	OT	OT	LUX	03/30	EUR	6.72	6.3	49.0	-8.0
Eur Growth B	OT	OT	LUX	03/30	USD	9.01	6.3	49.0	-8.0
Eur Growth C	EU	EQ	LUX	03/30	EUR	5.67	6.4	50.0	-7.5
Eur Growth I	OT	OT	LUX	03/30	USD	10.97	6.6	51.8	-6.4
Eur Growth I	OT	OT	LUX	03/30	EUR	8.18	6.6	51.8	-6.4
Eur Income A	OT	OT	LUX	03/30	EUR	6.85	4.8	52.3	8.8
Eur Income A	OT	OT	LUX	03/30	USD	9.19	4.8	52.3	8.8
Eur Income A2	OT	OT	LUX	03/30	EUR	13.56	5.4	52.2	8.9
Eur Income A2	OT	OT	LUX	03/30	USD	18.19	5.4	52.2	8.9
Eur Income AT	EU	BD	LUX	03/30	EUR	6.87	5.4	52.1	8.9
Eur Income B	OT	OT	LUX	03/30	EUR	6.85	4.7	51.4	8.1
Eur Income B	OT	OT	LUX	03/30	USD	9.19	4.7	51.4	8.1
Eur Income B2	OT	OT	LUX	03/30	EUR	12.59	5.2	51.1	8.1
Eur Income B2	OT	OT	LUX	03/30	USD	16.88	5.2	51.1	8.1
Eur Income BT	EU	BD	LUX	03/30	EUR	6.87	5.1	51.2	8.1
Eur Income C	OT	OT	LUX	03/30	EUR	6.85	4.7	51.7	8.4
Eur Income C	OT	OT	LUX	03/30	USD	9.19	4.7	51.7	8.4
Eur Income C2	OT	OT	LUX	03/30	EUR	13.51	5.3	51.6	8.4
Eur Income C2	OT	OT	LUX	03/30	USD	18.12	5.3	51.6	8.4
Eur Income I	OT	OT	LUX	03/30	EUR	6.85	4.9	53.0	9.4
Eur Income I	OT	OT	LUX	03/30	USD	9.19	4.9	53.0	9.4
Eur Strat Value A	OT	OT	LUX	03/30	EUR	8.88	4.1	53.6	-13.1
Eur Strat Value A	OT	OT	LUX	03/30	USD	11.91	4.1	53.6	-13.1
Eur Strat Value I	OT	OT	LUX	03/30	EUR	9.11	4.2	54.9	-12.4
Eur Strat Value I	OT	OT	LUX	03/30	USD	12.22	4.2	54.9	-12.4
Eur Value A	OT	OT	LUX	03/30	EUR	9.53	3.6	55.7	-9.1
Eur Value A	OT	OT	LUX	03/30	USD	12.78	3.6	55.7	-9.1
Eur Value B	OT	OT	LUX	03/30	USD	11.73	3.4	54.3	-10.0
Eur Value B	OT	OT	LUX	03/30	EUR	8.75	3.4	54.3	-10.0
Eur Value C	OT	OT	LUX	03/30	USD	12.35	3.6	55.1	-9.5
Eur Value C	OT	OT	LUX	03/30	EUR	9.21	3.6	55.1	-9.5
Eur Value I	OT	OT	LUX	03/30	USD	14.79	3.9	56.9	-8.4
Eur Value I	OT	OT	LUX	03/30	EUR	11.03	3.9	56.9	-8.4
Gl Balanced (Euro) A	OT	OT	LUX	03/30	USD	16.00	4.0	35.1	-4.9
Gl Balanced (Euro) B	OT	OT	LUX	03/30	USD	15.56	3.8	33.8	-5.8
Gl Balanced (Euro) C	OT	OT	LUX	03/30	USD	15.87	4.0	34.7	-5.2
Gl Balanced (Euro) I	OT	OT	LUX	03/30	USD	16.32	4.2	NS	NS
Gl Balanced A	US	BA	LUX	03/30	USD	16.77	1.8	37.1	-6.4
Gl Balanced B	US	BA	LUX	03/30	USD	15.91	1.5	35.8	-7.3
Gl Balanced C	OT	OT	LUX	03/30	USD	16.51	1.7	36.7	-6.7
Gl Balanced C	OT	OT	LUX	03/30	EUR	12.31	1.7	36.7	-6.7
Gl Balanced I	US	BA	LUX	03/30	USD	17.42	1.9	38.0	-5.7
Gl Bond A	US	BD	LUX	03/30	USD	9.38	2.2	16.7	5.2
Gl Bond A2	US	BD	LUX	03/30	USD	16.42	2.6	16.8	5.2
Gl Bond A2	OT	OT	NA	03/30	HKD	127.50	2.6	16.8	5.2
Gl Bond AT	OT	OT	LUX	03/30	HKD	72.99	2.6	16.8	5.2
Gl Bond AT	US	BD	LUX	03/30	USD	9.40	2.6	16.8	5.2
Gl Bond B	US	BD	LUX	03/30	USD	9.38	2.0	15.6	4.2
Gl Bond B2	US	BD	LUX	03/30	USD	14.35	2.4	15.6	4.2
Gl Bond B2	OT	OT	NA	03/30	HKD	111.43	2.4	15.6	4.2
Gl Bond BT	OT	OT	LUX	03/30	HKD	73.22	2.4	15.7	4.2
Gl Bond BT	US	BD	LUX	03/30	USD	9.43	2.4	15.7	4.2
Gl Bond C	US	BD	LUX	03/30	USD	9.38	2.1	16.2	4.7
Gl Bond C2	US	BD	LUX	03/30	USD	14.23	2.4	16.3	4.7
Gl Bond I	US	BD	LUX	03/30	USD	9.38	2.3	17.3	5.8
Gl Conservative A	US	BA	LUX	03/30	USD	15.05	1.7	22.9	-1.5
Gl Conservative A2	US	BA	LUX	03/30	USD	17.21	1.7	22.8	-1.5
Gl Conservative B	US	BA	LUX	03/30	USD	15.04	1.5	21.7	-2.5
Gl Conservative B2	US	BA	LUX	03/30	USD	16.31	1.4	21.6	-2.5
Gl Conservative C	US	BA	LUX	03/30	USD	15.04	1.6	22.4	-1.9
Gl Conservative C2	US	BA	LUX	03/30	USD	16.82	1.6	22.3	-1.9
Gl Conservative I	US	BA	LUX	03/30	USD	15.12	1.8	23.9	-0.6
Gl Eq Blend A	GL	EQ	LUX	03/30	USD	11.79	1.1	51.2	-15.1
Gl Eq Blend B	GL	EQ	LUX	03/30	USD	11.04	0.8	49.8	-15.9
Gl Eq Blend C	GL	EQ	LUX	03/30	USD	11.57	1.0	50.5	-15.4
Gl Eq Blend I	GL	EQ	LUX	03/30	USD	12.46	1.3	52.3	-14.4
Gl Growth A	GL	EQ	LUX	03/30	USD	42.45	1.3	47.0	-15.1
Gl Growth B	GL	EQ	LUX	03/30	USD	35.35	1.1	45.5	-15.9
Gl Growth C	GL	EQ	LUX	03/30	USD	40.69	1.2	46.4	-15.4
Gl Growth I	GL	EQ	LUX	03/30	USD	47.23	1.5	48.2	-14.4
Gl High Yield A	US	BD	LUX	03/30	USD	4.49	5.1	64.4	9.0
Gl High Yield A2	US	BD	LUX	03/30	USD	9.79	5.7	64.3	8.9
Gl High Yield A2	OT	OT	NA	03/30	HKD	76.02	5.7	64.3	8.9
Gl High Yield AT	OT	OT	NA	03/30	HKD	34.71	5.8	64.2	9.0
Gl High Yield AT	US	BD	LUX	03/30	USD	4.47	5.8	64.2	9.0
Gl High Yield B	US	BD	LUX	03/30	USD	4.49	4.9	62.5	7.7
Gl High Yield B2	US	BD	LUX	03/30	USD	15.70	5.5	62.5	7.9
Gl High Yield B2	OT	OT	NA	03/30	HKD	121.91	5.5	62.5	7.9
Gl High Yield BT	OT	OT	NA	03/30	HKD	35.25	5.3	62.6	7.9
Gl High Yield BT	US	BD	LUX	03/30	USD	4.54	5.3	62.6	7.9
Gl High Yield C	US	BD	LUX	03/30	USD	4.49	5.0	63.6	8.4
Gl High Yield C2	US	BD	LUX	03/30	USD	14.50	5.7	63.5	8.5
Gl High Yield I	US	BD	LUX	03/30	USD	4.49	5.2	65.5	9.7
Gl Thematic Res. A	OT	OT	LUX	03/30	USD	15.03	2.0	66.8	1.3
Gl Thematic Res. B	OT	OT	LUX	03/30	USD	13.12	1.8	65.2	0.3
Gl Thematic Res. I	OT	OT	LUX	03/30	USD	16.79	2.2	68.1	2.1
Gl Value A	GL	EQ	LUX	03/30	USD	11.25	1.0	55.8	-15.1
Gl Value B	GL	EQ	LUX	03/30	USD	10.31	0.7	54.3	-15.9
Gl Value C	GL	EQ	LUX	03/30	USD	10.92	0.8	55.1	-15.4
Gl Value I	GL	EQ	LUX	03/30	USD	11.98	1.1	57.0	-14.4
Greater China A	AS	EQ	LUX	03/30	USD	39.86	-0.4	57.1	-6.3
Greater China B	AS	EQ	LUX	03/30	USD	35.19	-0.6	55.5	-7.3
Greater China C	AS	EQ	LUX	03/30	USD	39.31	-0.5	56.3	-6.8
India Growth A	OT	OT	LUX	03/30	USD	133.96	5.6	NS	NS
India Growth AX	OT	OT	LUX	03/30	USD	117.18	5.6	111.6	2.6
India Growth B	OT	OT	LUX	03/30	USD	139.99	5.3	NS	NS
India Growth BX	OT	OT	LUX	03/30	USD	99.92	5.4	109.5	1.6
India Growth I	EA	EQ	LUX	03/30	USD	121.58	5.8	112.6	3.0
Int'l Health Care A	OT	EQ	LUX	03/30	USD	143.78	4.6	33.9	-1.0
Int'l Health Care B	OT	EQ	LUX	03/30	USD	120.98	4.3	32.6	-2.0
Int'l Health Care C	OT	EQ	LUX	03/30	USD	137.65	4.5	33.3	-1.5
Int'l Health Care I	OT	EQ	LUX	03/30	USD	157.40	4.8	35.0	-0.2
Int'l Technology A	OT	EQ	LUX	03/30	USD	113.01	2.4	58.3	-1.5
Int'l Technology B	OT	EQ	LUX	03/30	USD	97.69	2.2	56.7	-2.4
Int'l Technology C	OT	EQ	LUX	03/30	USD	109.09	2.3	57.6	-1.9
Int'l Technology I	OT	EQ	LUX	03/30	USD	126.96	2.6	59.5	-0.7
Japan Eq Blend A	JP	EQ	LUX	03/30	JPY	6449.00	7.1	34.4	-11.5
Japan Eq Blend B	JP	EQ	LUX	03/30	JPY	6207.00	6.8	33.1	-12.4
Japan Eq Blend C	JP	EQ	LUX	03/30	JPY	6339.00	7.0	33.8	-11.9
Japan Growth A	JP	EQ	LUX	03/30	JPY	6089.00	3.7	24.3	-13.8
Japan Growth B	JP	EQ	LUX	03/30	JPY	5861.00	3.4	23.0	-14.6
Japan Growth C	JP	EQ	LUX	03/30	JPY	5985.00	3.5	23.7	-14.2
Japan Strat Value A	JP	EQ	LUX	03/30	JPY	6739.00	10.1	44.1	-9.8
Japan Strat Value B	JP	EQ	LUX	03/30	JPY	6494.00	9.9	42.6	-10.7
Japan Strat Value C	JP	EQ	LUX	03/30	JPY	6618.00	10.0	43.3	-10.3
Real Estate Sec. A	OT	EQ	LUX	03/30	USD	14.93	4.0	82.7	-10.3
Real Estate Sec. B	OT	EQ	LUX	03/30	USD	13.61	3.7	80.7	-11.2
Real Estate Sec. I	OT	EQ	LUX	03/30	USD	16.07	4.2	84.1	-9.6
Short Mat Dollar A	US	BD	LUX	03/30	USD	7.35	1.7	14.7	0.3
Short Mat Dollar A2	US	BD	LUX	03/30	USD	9.98	1.9	14.4	0.2
Short Mat Dollar AT	US	BD	LUX	03/30	USD	7.35	2.0	14.5	0.2
Short Mat Dollar B	US	BD	LUX	03/30	USD	7.35	1.6	14.2	-0.2
Short Mat Dollar B2	US	BD	LUX	03/30	USD	9.92	1.8	14.0	-0.3
Short Mat Dollar BT	OT	OT	LUX	03/30	USD	7.36	1.8	NS	-0.6
Short Mat Dollar C	US	BD	LUX	03/30	USD	7.35	1.6	14.2	-0.2
Short Mat Dollar C2	US	BD	LUX	03/30	USD	14.03	1.9	14.0	-0.3
Short Mat Dollar I	US	BD	LUX	03/30	USD	7.35	1.8	15.3	0.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	02/26	USD	1828.22	8.1	78.9	NS

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
CPS-Master Priv Fund	GL	OT	WSM	03/30	USD	108.07	8.1	29.1	22.7

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Superfund Cayman*	OT	OT	CYM	03/23	USD	40.93	0.4	-50.7	-17.8
Superfund GCT USD*	GL	EQ	LUX	03/23	USD	2175.00	-0.9	-40.1	-16.9
Superfund Green Gold A (SPC)	OT	OT	CYM	03/23	USD	964.14	0.0	-18.9	-5.8
Superfund Green Gold B (SPC)	OT	OT	CYM	03/23	USD	933.64	-0.2	-32.3	-12.3
Superfund Q-AG*	OT	OT	AUT	03/23	EUR	6706.00	1.3	-23.4	-3.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3

Allianz Global Investors

ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	03/31	EUR	53.59	3.4	63.4	-0.4
Industria AE	EU	EQ	DEU	03/31	EUR	72.90	3.0	48.1	-7.2
InternRent AE	EU	BD	DEU	03/31	EUR	37.56	6.6	9.1	12.1

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
CAM-GTF Limited	AS	EQ	MUS	03/26	USD	321423.88	17.1	155.6	21.9

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Employment data weigh on equities

By Donna Kardos Yesalavich And Kristina Peterson

NEW YORK—News that the Obama administration backs more offshore drilling lifted energy stocks, while financial companies also climbed, but disappointing jobs data hurt consumer companies.

In early afternoon, the Dow Jones Industrial Average was down 16.7 points, or 0.21%, to 10890.72. Earlier in the session, the measure had been down as much as 74 points. Still, it is on track to close out the quarter in positive territory, with a gain of more than 4% over the past three months.

ABREAST OF THE MARKET

Boeing, which has been the Dow's strongest component this quarter, was its worst performer Wednesday with a drop of 1.2%. **Home Depot** was also weak, down 0.9%, along with **Merck**, which fell 0.7%.

Chevron kept the measure's declines in check. It jumped 1% after the Obama administration unveiled a new offshore-drilling strategy that expands oil and natural-gas exploration off the Atlantic coast, in the eastern Gulf of Mexico and off the northern shores of Alaska.

The Dow's financial components were also strong, with **J.P. Morgan Chase** up 0.9% and **Bank of America** up 0.8% after Republican Sen. Bob Corker said Tuesday he "absolutely cannot support" a bill written by Senate Democrats to overhaul financial regulations unless changes are made.

The Nasdaq Composite edged up 0.1% to 2410.75, while the Standard & Poor's 500-stock index was down less than a point at 1173.04. The energy and financial sectors led the gains, while consumer companies dragged.

European stocks

In Europe, shares closed mostly lower as the U.S. jobs news and concern over Greece's rising borrowing costs rattled investors' nerves ahead of the Easter break.

The pan-European Stoxx Europe 600 index ended down 0.1% to 263.57, while the U.K.'s FTSE 100 index edged up 0.1% to 5679.64. France's CAC-40 Index declined 0.3% to 3974.01, and Germany's DAX ended just up 0.2% to 6153.55.

Royal Bank of Scotland, which is mostly owned by the British government, was the best-performing stock in the pan-European Stoxx Europe 600 index over the first quarter as its restructuring program began to gain steam after three disastrous years. The stock closed 1.7% higher. Shares were up more than 50% through the end of the first quarter.

—Ishaq Siddiqi contributed to this article.

Dollar retreats versus rivals on jobs report

By Don Curren

TORONTO—The U.S. dollar fell Wednesday after a softer-than-expected private-sector jobs report reinforced earlier gains by the euro and other rival currencies.

The euro broke through the $1.3500 level after private-sector jobs in the U.S. dropped by 23,000 in March, according to a national employment report from payroll giant **Automatic Data Processing** Inc. and consultancy Macroeconomic Advisers.

CURRENCY MARKETS

The market had expected job gains of about 50,000.

"That just carried through the trend of U.S. dollar weakness that was already in place before the number," said Camilla Sutton, a currency strategist at Scotia Capital.

In afternoon trade, the euro was at $1.3532 from $1.3415 late Tuesday. The common currency was at 126 yen from 124.53 yen. The dollar was at 93.41 yen from 92.80 and at 1.0506 Swiss francs from 1.0668 francs. The pound was at $1.5187 from $1.5070.

The ICE U.S. Dollar Index, which tracks the greenback against a trade-weighted basket of currencies, was 80.97 from 81.502.

The euro reached a session high after the ADP report at $1.3544, its highest level since March 23, according to EBS via CQG.

Asian markets finish quarter on a down note

By Shri Navaratnam And Wei-Zhe Tan

TOKYO—Asian stocks were dragged down by materials shares, with Japan's benchmark stock index finishing modestly lower after hitting an 18-month intraday high on the last day of Japan's fiscal year.

The Nikkei Stock Average of 225 companies fell 7.20 points, or 0.1%, to 11089.94. The Topix index of all Tokyo Stock Exchange First Section issues also fell 0.1%. Wednesday was the last day of the fiscal year for most Japanese companies. The Nikkei finished the quarter up 543.50 points, or 5.2%. It was the second best quarter since the second quarter of 2009, and it leaves the average up nearly 37% for the fiscal year—the first rise in three years. Still, it finished on a down note.

ASIAN-PACIFIC STOCKS

"Investors have a sense of the market overheating after [the Nikkei's] jump over the past few weeks," said Yumi Nishimura, deputy general manager at Daiwa Securities Capital Markets.

Technology shares fell, with **TDK** off 1% and **Trend Micro** shedding 1.5%. **Bridgestone** fell 0.3% after news Tuesday that it plans to build a second new tire plant in India. **Mazda Motor** tacked on 4.8%.

South Korea's Kospi shed 7.34 points, or 0.4%, to 1692.85. The 0.6% rise for the quarter extended the string of positive quarters to five, a period in which the index is up 51%.

India's Sensex fell 62.40 points, or 0.4%, to 17527.77. The index has surged 7880.46 points, or 82%, in the past five quarters, though it still is off 16% from the record close of 20873.33, hit on Jan. 8, 2008.

Hong Kong's Hang Seng Index fell 135.44 points, or 0.6%, to 21239.35. That left it down 633.15 points, or 2.9%, for the quarter, snapping a three-quarter win streak.

Bank of Communications surged 4.4% in Hong Kong but eased 0.5% lower in Shanghai. China's fifth-largest lender by assets reported late Tuesday that its fiscal 2009 net profit rose 5.6% on higher revenue from fee-based businesses.

Chinese paper recycler **Fook Woo** made its debut in Hong Kong, rising 17% above the initial public offering price.

China's Shanghai Composite fell 19.36 points, or 0.6%, to 3109.11, as the launch of a long-awaited trial program for margin trading and short selling on both the Shanghai and Shenzhen exchanges failed to excite investors.

The 5.1% decline for the quarter marked the worst quarter since the third period of 2009, though the index rose 1.9% in March.

"Only six brokerages are participating in the trial, and with such a small scope, it's not enough to offset profit-taking after the last few sessions of gains," said Wang Junqing from Guosen Securities.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/19	USD	1307.61	5.2	31.2	-5.1
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/29	JPY	14670.56	-5.6	63.6	7.6
GAM Asia Equity Hedge US	OT	OT	VGB	03/29	USD	274.37	-5.5	64.4	9.0
GAM Asia Equity USD	OT	OT	VGB	03/30	USD	652.46	-0.2	69.5	-4.9
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/30	USD	1402.61	9.3	39.9	-6.7
GAM Com Glb Bal EUR Op	US	BA	VGB	03/22	EUR	99.07	2.1	28.3	-4.5
GAM Com Glb Bal USD Op	US	BA	VGB	03/22	USD	130.44	2.1	28.3	-4.5
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	03/22	EUR	103.46	2.6	45.8	-8.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	03/22	USD	130.79	2.6	45.8	-8.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	03/22	EUR	90.27	1.6	32.2	-7.4
GAM Comp Glb Gr USD Op	US	BA	VGB	03/22	USD	129.05	1.6	32.2	-7.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/26	USD	262.62	5.6	61.6	-1.4
GAM Cross Trading Inc	OT	OT	VGB	03/22	USD	461.08	-1.0	3.5	NS
GAM Diversity CHF Op	OT	OT	VGB	03/22	CHF	94.67	0.4	4.4	-5.3
GAM Diversity EUR Op	OT	OT	VGB	03/22	EUR	651.98	0.5	5.0	-3.8
GAM Diversity USD 2.5XL	OT	OT	VGB	03/22	USD	78.96	0.9	10.1	-15.9
GAM Diversity USD Op	OT	OT	VGB	03/22	USD	684.72	0.6	5.2	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	03/22	CHF	99.88	0.4	3.8	-4.9
GAM Dvrsty II EUR Op	OT	OT	VGB	03/22	EUR	139.46	0.5	4.1	-3.9
GAM Dvrsty II USD Op	OT	OT	VGB	03/22	USD	211.23	0.5	4.4	-4.2
GAM DvrstyIII EUR Op	OT	OT	VGB	03/22	EUR	116.10	0.5	4.1	-4.0
GAM DvrstyIII USD Op	OT	OT	VGB	03/22	USD	122.60	0.5	4.4	-4.2
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/29	EUR	226.42	3.5	18.3	0.7
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/29	USD	210.07	3.3	19.9	2.3
GAM European Equity USD	OT	OT	VGB	03/30	USD	286.03	-2.0	44.9	-10.2
GAM GAMCO	OT	EQ	VGB	03/30	USD	867.96	7.4	75.9	-1.8
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/29	EUR	99.98	2.2	12.1	-12.4
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/29	USD	105.48	2.2	14.9	-11.4
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/29	USD	265.87	6.4	46.4	-0.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/29	USD	273.83	-4.5	90.1	30.0
GAM Intrst Trend II	GL	BD	VGB	03/22	USD	111.28	18.2	100.8	2.7
GAM Intrst Trend Inc	OT	OT	VGB	03/22	USD	297.81	18.4	117.6	5.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/29	EUR	132.12	13.2	24.6	6.0
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/29	USD	135.68	11.2	21.5	-7.7
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/29	JPY	9352.46	11.3	22.8	-6.9
GAM Japan USD	JP	EQ	VGB	03/30	USD	1251.76	13.5	37.4	-7.6
GAM Japan YEN	JP	EQ	VGB	03/30	JPY	9999.42	13.3	34.1	-9.8
GAM Money Mkt EuroOp	EU	MM	VGB	03/30	EUR	51.18	0.7	0.8	1.6
GAM Money Mkt USD	US	MM	VGB	03/30	USD	100.02	0.2	0.0	0.5
GAM Multi-Arb EUR Op	OT	OT	VGB	03/22	EUR	112.88	1.5	1.7	-6.6
GAM Multi-Arb USD Op	OT	OT	VGB	03/22	USD	117.77	1.5	1.9	-6.8
GAM Multi-China EUR Op	OT	OT	VGB	03/22	EUR	165.57	-1.4	10.4	-0.9
GAM Multi-China USD Op	OT	OT	VGB	03/22	USD	174.46	-1.2	11.2	-1.3
GAM Multi-Emer Mkts GBP	OT	OT	VGB	03/22	GBP	132.09	0.4	26.0	0.6
GAM Multi-Emer Mkts USD	OT	OT	VGB	03/22	USD	653.74	0.4	26.1	0.2
GAM Multi-Eur EUR Op	OT	OT	VGB	03/22	EUR	268.84	0.0	6.0	-4.0
GAM Multi-Eur II EUR Op	OT	OT	VGB	03/22	EUR	138.33	0.0	6.0	-4.0
GAM Multi-Eur II USD Op	OT	OT	VGB	03/22	USD	113.06	0.0	5.9	-5.0
GAM Multi-Eur USD Op	OT	OT	VGB	03/22	USD	468.06	0.1	6.0	-4.8
GAM Multi-Nth Am EUR Special	OT	OT	VGB	03/22	EUR	133.67	-0.2	7.2	-0.6
GAM Multi-Nth Am USD Special	OT	OT	VGB	03/22	USD	217.46	-0.3	7.3	-0.7
GAM Multi-Pac EUR Op	GL	EQ	VGB	03/22	EUR	142.53	-0.6	3.5	-1.0
GAM Multi-Pac USD Op	OT	OT	VGB	03/22	USD	164.66	-0.5	3.9	-1.2
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/19	USD	2783.21	5.5	74.7	13.8
GAM Sing/Malaysia	AS	EQ	VGB	03/30	USD	2588.18	2.5	76.5	-1.9
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/22	GBP	244.65	6.4	65.5	8.7
GAM Trading EUR Inc	OT	OT	VGB	03/22	EUR	321.65	-1.1	3.2	2.3
GAM Trading USD Inc	OT	OT	VGB	03/22	USD	963.17	-1.0	3.6	1.6
GAM Trdg II IncEUR Op	OT	OT	VGB	03/22	EUR	137.63	-1.0	3.1	2.3
GAM Trdg II IncUSD Op	OT	OT	VGB	03/22	USD	312.75	-1.0	3.6	1.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	03/22	EUR	145.15	-1.1	2.9	2.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	03/22	USD	152.90	-1.0	3.3	1.5
GAM Trdg V IncEUR Op	OT	OT	VGB	03/22	EUR	122.89	-1.3	2.6	1.9
GAM Trdg V IncUSD Op	OT	OT	VGB	03/22	USD	128.09	-1.2	3.2	1.4
GAM TrdgIII IncEUR Op	OT	OT	VGB	03/22	EUR	155.19	-1.2	2.9	2.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	03/22	USD	160.82	-1.0	3.4	1.5
GAM USDSpecBondInc	US	BD	VGB	03/22	USD	586.06	10.6	116.3	14.4
GAM Worldwide	GL	EQ	VGB	03/30	USD	2232.67	0.5	43.8	-7.0
GAMut Investments	OT	OT	VGB	03/24	USD	7720.97	1.8	3.1	7.1

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Star Fund Plc									
GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/30	CHF	11.30	1.8	46.3	-2.3
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/30	EUR	12.65	5.6	58.0	3.4
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/30	GBP	1.67	7.1	53.1	10.2
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/30	USD	13.34	-0.8	60.4	-4.3
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/30	EUR	116.10	13.4	35.2	0.9
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/30	EUR	112.36	13.4	35.2	0.9
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/30	EUR	11.53	5.1	45.0	-0.8
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/30	EUR	191.20	4.4	45.1	-3.1
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/30	EUR	174.71	4.4	45.0	-3.1
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/30	USD	15.64	-1.8	47.1	-10.0
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/30	USD	14.18	-1.8	47.0	-10.0
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/29	USD	6.13	11.6	47.6	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/30	EUR	102.73	15.2	26.8	0.5
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/30	EUR	102.73	15.2	26.8	0.5
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/30	JPY	1040.11	11.5	24.3	-10.2
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/30	USD	12.54	11.6	27.6	-8.4
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/30	USD	2248.73	0.6	44.8	-6.5
HSBC TRINKAUS INVESTMENT MANAGERS SA									
E-Mail: funds@hsbctrinkaus.lu Telephone: 352 - 4718471									
Prosperity Return Fund A	OT	OT	LUX	03/29	NA	10416.78	NS	NS	NS
Prosperity Return Fund B	OT	OT	LUX	03/29	NA	9987.28	NS	NS	NS
Prosperity Return Fund C	OT	OT	LUX	03/29	NA	96.98	NS	NS	NS
Prosperity Return Fund D	OT	OT	LUX	03/29	NA	103.85	NS	NS	NS
Renaissance Hgh Grade Bd A	OT	OT	LUX	03/29	NA	10307.33	NS	NS	NS
Renaissance Hgh Grade Bd B	OT	OT	LUX	03/29	NA	9835.01	NS	NS	NS
Renaissance Hgh Grade Bd C	OT	OT	LUX	03/29	NA	95.03	NS	NS	NS
Renaissance Hgh Grade Bd D	OT	OT	LUX	03/29	NA	103.45	NS	NS	NS

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Manulife WEALTH MANAGEMENT 宏利財富管理

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110									
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong									
American Growth	US	EQ	LUX	03/31	USD	15.86	3.9	47.9	-6.0
American Growth AA	US	EQ	LUX	03/31	USD	0.91	3.8	47.5	-4.5
Asian Equity	AS	EQ	LUX	03/31	USD	2.45	0.0	65.7	-3.2
Asian Equity AA	AS	EQ	LUX	03/31	USD	0.79	-0.1	65.1	-3.6
Asian Sm Cap Equity AA	AS	EQ	LUX	03/31	USD	1.24	7.1	112.5	5.8
China Value A	AS	EQ	LUX	03/31	USD	6.97	-2.0	60.8	1.3
China Value AA	AS	EQ	LUX	03/31	USD	2.19	-2.0	60.4	1.0
Dragon Growth	AS	EQ	LUX	03/31	USD	1.62	-1.3	62.6	-1.3
Dragon Growth AA	OT	OT	LUX	03/31	HKD	7.90	-1.2	62.5	-1.9

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Emg Eastrn Europe A	EU	EQ	LUX	03/31	USD	4.88	5.9	116.4	-10.7
Emg Eastrn Europe AA	EU	EQ	LUX	03/31	USD	2.10	5.9	116.0	-10.9
European Growth	EU	EQ	LUX	03/31	USD	8.99	-1.9	60.3	-15.2
European Growth AA	EU	EQ	LUX	03/31	USD	0.64	-1.9	59.9	-15.4
Global Contrarain AA	GL	EQ	LUX	03/31	USD	0.94	6.5	96.2	NS
Global Property AA	OT	EQ	LUX	03/31	USD	0.70	3.8	88.0	-8.0
Global Resources AA	OT	EQ	LUX	03/31	USD	1.08	-0.5	46.0	-12.5
Healthcare AA	OT	EQ	LUX	03/31	USD	1.01	7.2	37.5	NS
India Equity AA	EA	EQ	LUX	03/31	USD	1.12	1.7	87.9	-3.1
International Growth	GL	EQ	LUX	03/31	USD	3.11	2.1	43.2	-10.5
International Growth AA	GL	EQ	LUX	03/31	USD	0.72	2.0	42.9	-10.7
Japanese Growth	JP	EQ	LUX	03/31	USD	2.90	5.3	36.2	-7.8
Japanese Growth AA	JP	EQ	LUX	03/31	USD	0.76	6.0	36.8	-7.8
Latin America Equity AA	GL	EQ	LUX	03/31	USD	1.30	0.7	104.3	-2.3
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/31	USD	1.04	4.1	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/31	USD	1.16	1.9	NS	NS
Russia Equity AA	EE	EQ	LUX	03/31	USD	0.72	11.9	130.0	-14.6
Taiwan Equity AA	AS	EQ	LUX	03/31	USD	1.04	-4.1	66.4	-4.4
Turkey Equity AA	EE	EQ	LUX	03/31	USD	0.83	7.6	157.0	13.5
U.S. Bond AA	US	BD	LUX	03/31	USD	1.14	3.0	19.9	8.2
U.S. Sm Cap Equity AA	US	EQ	LUX	03/31	USD	0.94	15.0	84.2	-0.5
U.S. Special Opportunities	OT	OT	LUX	03/31	USD	0.91	12.3	105.6	13.0
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/31	USD	1.14	-0.1	4.3	0.3
PT CIPTADANA ASSET MANAGEMENT									
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com									
Indonesian Grth Fund	EA	EQ	CYM	03/24	USD	140.77	10.5	157.0	10.6

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Asia Value Formula Fd-B	AS	EQ	CYM	03/30	USD	8.37	4.4	89.8	1.2

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Bonds Eur Hi Yld A	OT	OT	LUX	03/29	EUR	21.94	6.6	60.6	7.0
Bonds EURO A	OT	OT	LUX	03/30	EUR	41.81	1.9	5.5	5.5
Bonds EUROPE A	OT	OT	LUX	03/30	EUR	39.90	2.0	5.1	5.2
Bonds US OppsCoreplus A	OT	OT	LUX	03/29	USD	37.55	1.8	16.5	8.2
Bonds World A	OT	OT	LUX	03/30	USD	41.06	-2.2	8.8	0.5
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/30	USD	10.55	1.3	73.3	-3.6
Eq. China A	AS	EQ	LUX	03/30	USD	23.25	-3.7	57.8	-2.4
Eq. Concentrated Euroland A	OT	OT	LUX	03/30	EUR	93.35	0.4	37.1	-10.6
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/30	EUR	27.45	1.6	51.1	-9.7
Eq. Emerging Europe A	OT	OT	LUX	03/30	EUR	26.99	14.6	103.5	-12.5
Eq. Euroland A	EU	EQ	LUX	03/30	EUR	10.96	1.2	44.8	-11.1
Eq. Euroland Small Cap A	OT	OT	LUX	03/30	EUR	150.65	6.7	61.4	-3.4
Eq. EurolandCyclclsA	EU	EQ	LUX	03/30	EUR	18.59	4.4	52.3	-6.2
Eq. EurolandFinancialA	OT	EQ	LUX	03/30	EUR	11.11	-1.8	71.7	-15.7
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/30	USD	9.33	-3.6	58.5	-11.7
Eq. Global A	GL	EQ	LUX	03/30	USD	28.86	3.6	56.3	-7.2
Eq. Global Energy A	OT	OT	LUX	03/30	USD	17.67	-2.6	36.0	-13.9
Eq. Global Resources A	OT	OT	LUX	03/30	USD	108.34	-0.8	49.4	-11.3
Eq. Gold Mines A	OT	OT	LUX	03/30	USD	29.43	-2.9	28.2	-4.0
Eq. India A	OT	OT	LUX	03/30	USD	133.64	2.2	92.4	-5.3
Eq. Japan CoreAlpha A	OT	OT	LUX	03/30	JPY	8146.31	12.3	35.2	-1.7
Eq. Latin America A	OT	OT	LUX	03/30	USD	115.00	-1.1	89.8	-7.3
Eq. US Lg Cap Gr A	US	EQ	LUX	03/30	USD	15.97	4.7	50.2	-5.7
Eq. US Rel Val A	US	EQ	LUX	03/30	USD	21.75	5.6	59.0	-8.0
Eq. US Sm Cap Val A	US	EQ	LUX	03/30	USD	17.26	8.2	62.8	-11.0

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Money Market EURO A	EU	MM	LUX	03/30	EUR	27.42	0.1	0.6	2.2
Money Market USD A	US	MM	LUX	03/29	USD	15.83	0.0	0.3	1.2

المستثمر الوطني The National Investor

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*TNI Tower	Zayed 1st Street Khalidia| Web:www.tni.ae*								
TNI Mena Real Estate Fund	OT	OT	BMU	03/25	USD	946.81	-1.5	11.1	-30.2
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/25	AED	5.51	3.3	23.9	-31.1

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**formerly known as China ABH Shares Fund*									
Intel-Chin MainInd Foc	AS	EQ	CYM	03/15	USD	29.49	-1.2	94.1	7.9
Intel-China Converg*	AS	EQ	CYM	03/15	USD	112.04	-1.7	93.9	5.5
VP Classic - A	AS	EQ	CYM	03/30	USD	192.79	3.4	81.0	9.2
VP CLassic - B	AS	EQ	CYM	03/30	USD	89.75	3.3	80.0	8.7
VP High Dividend Stk	AS	EQ	CYM	03/29	USD	47.95	5.5	84.4	12.4

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YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	03/31	JPY	9860.00	4.3	32.3	-12.8
YMR-N Small Cap Fund	OT	OT	IRL	03/31	JPY	7132.00	1.7	29.0	-14.3
Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	03/31	JPY	6363.00	3.4	21.6	-16.4
Yuki 77 Growth	JP	EQ	IRL	03/31	JPY	5532.00	-1.9	9.2	-22.8
Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/31	JPY	7247.00	6.2	30.6	-11.8
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/31	JPY	8445.00	12.0	23.7	-10.6
Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/31	JPY	4936.00	5.6	25.8	-16.4
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/31	JPY	5689.00	8.4	26.9	-10.8
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/31	JPY	5161.00	1.1	27.0	-14.3
Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/31	JPY	4581.00	3.6	25.1	-20.1
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/31	JPY	4833.00	3.6	24.8	-20.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/31	JPY	7180.00	3.0	31.7	-14.9
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/31	JPY	9199.00	6.8	30.1	-11.6
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/31	JPY	6519.00	2.5	21.7	-15.4
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/31	JPY	8127.00	6.5	16.9	-14.1
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/31	JPY	5494.00	5.9	27.7	-13.1
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/31	JPY	12579.00	8.8	31.1	-8.3
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/31	JPY	8102.00	1.8	22.5	-17.4
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/31	JPY	7207.00	1.0	34.8	-14.9
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/31	JPY	6027.00	6.7	28.6	-10.1
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/31	JPY	2786.00	2.2	26.6	-19.1
Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	03/31	JPY	5795.00	6.9	28.5	-12.8

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Sweden	-0.31%	7.8%	57.6%
Japan	-0.18	7.8	25.9
Switzerland	-0.27	5.7	45.4
Turkey	-0.02	5.6	114.0
Netherlands	-0.17	4.8	62.3
U.K.	-0.10	4.3	43.5
Russia	0.05	3.1	79.4
South Africa	-0.10	2.7	25.2
Germany	-0.30	2.2	41.1
Canada	-0.02	2.0	30.6
Australia	-0.91	1.3	34.2
France	-0.89	unch.	40.0
South Korea	-0.56	-0.6%	40.3
Singapore	-1.57	-0.8	71.8
Italy	-0.41	-1.0	45.2
Hong Kong	-0.44	-1.3	47.3
Brazil	0.27	-4.1	70.7
Spain	-1.21	-6.4	28.9
China 88	-0.73	-7.8	25.6

Dow Jones Regional Sector Titans

Travel Leisure	0.03%	10.7%	52.4%
Ind Gds Svcs	-0.13	10.2	69.7
Arab 50	-0.49	8.2	34.7
Pers H'hold Gds	-0.39	6.9	47.4
Retail	-0.55	5.9	39.9
Media	0.24	5.8	57.4
Asian 50	-0.45	4.3	48.3
Real Estate	-0.81	3.1	69.9
Global 50	0.06	-0.1%	36.1
Tiger 50*	-0.51	-2.3	60.5

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Wednesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
East Japan Railway	Japan	Travel Tourism	$27.7	6,500	2.36%	27.2%	-30.0%
Japan Tobacco	Japan	Tobacco	36.0	348,000	1.75	28.2	-41.0
China Constr Bk	Hong Kong	Banks	184.1	6.36	1.60	48.3	39.8
Tokyo Elec Power	Japan	Conventional Electricity	36.2	2,492	1.26	1.1	-38.2
Kansai Elec Power	Japan	Conventional Electricity	20.8	2,142	0.99	1.8	-37.6
Sun Hung Kai Prop	Hong Kong	Real Estate Holding Dev	$38.6	116.80	-2.01%	65.6	27.0
BHP Billiton	Australia	General Mining	134.1	43.59	-1.85	35.8	42.3
POSCO	South Korea	Iron Steel	35.4	528,000	-1.68	41.2	32.3
Westfield Grp	Australia	Retail REITs	25.5	12.06	-1.47	18.0	-43.0
Sumitomo Mitsui Finl	Japan	Banks	45.2	3,090	-1.44	-12.0	-72.2

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.3	2,633	0.96%	7.7%	-40.3%
Seven I Hldgs Japan (Broadline Retailers)	22.0	2,259	0.89	3.2	-38.6
Nippon T&T Japan (Fixed Line Telecommunications)	56.1	3,940	0.77	2.1	-37.3
Indl Comm Bk China Hong Kong (Banks)	63.3	5.92	0.68	49.1	37.4
KB Fncl Group South Korea (Banks)	18.5	54,600	0.55	63.0	-35.4
KDDI Japan (Mobile Telecommunications)	23.0	484,000	0.52	-1.0	-50.5
Samsung Elec South Korea (Semiconductors)	106.5	818,000	0.49	43.5	37.5
Mitsui Japan (Industrial Suppliers)	30.6	1,571	0.45	53.3	-28.4
PetroChina Hong Kong (Integrated Oil Gas)	24.7	9.08	0.44	48.6	-1.6
NTT DoCoMo Japan (Mobile Telecommunications)	64.0	142,400	0.21	-1.8	-35.9
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.2	56.80	0.18	49.7	-25.6
Honda Motor Japan (Automobiles)	64.9	3,300	0.15	33.6	-22.4
China Life Ins Hong Kong (Life Insurance)	35.7	37.20	0.13	45.9	63.2
Canon Japan (Electronic Office Equipment)	57.5	4,330	0.12	49.6	-32.8
Nissan Motor Japan (Automobiles)	35.1	801.00	...	108.1	-37.9
Shin-Etsu Chml Japan (Specialty Chemicals)	24.8	5,430	-0.18	13.1	-25.7
Woodside Petroleum Australia (Exploration Production)	33.4	46.90	-0.21	22.1	20.9
Aus NZ Bk Australia (Banks)	58.9	25.36	-0.35	59.7	-15.0
Mitsubishi Japan (Industrial Suppliers)	43.3	2,450	-0.49	79.9	-10.6
Mizuho Financial Grp Japan (Banks)	28.0	185.00	-0.54	-3.1	-76.4

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Nippon Steel Japan (Iron Steel)	24.9	367.00	-0.54%	36.9%	-55.1%
Panasonic Japan (Consumer Electronics)	31.9	1,430	-0.56	32.2	-42.0
National Australia Bk Australia (Banks)	53.5	27.52	-0.65	35.4	-33.2
Toyota Motor Japan (Automobiles)	126.9	3,745	-0.66	14.5	-50.3
Takeda Pharm Japan (Pharmaceuticals)	35.0	4,115	-0.72	18.6	-47.4
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	37.0	137.50	-0.72	105.4	-3.5
China Mobile (HK) Hong Kong (Mobile Telecommunications)	191.3	74.70	-0.80	13.8	4.7
Sony Japan (Consumer Electronics)	38.4	3,580	-0.83	68.5	-41.8
Commonwlth Bk of Aus Australia (Banks)	79.2	56.29	-0.85	62.6	10.4
Woolworths Australia (Food Retailers Wholesalers)	31.6	28.00	-0.85	12.5	0.5
Cheung Kong Hong Kong (Real Estate Holding Development)	29.8	100.00	-0.89	50.5	-4.6
Westpac Bking Australia (Banks)	74.3	27.84	-1.00	43.4	6.4
QBE Ins Grp Australia (Reinsurance)	19.6	20.83	-1.05	10.1	-36.1
RioZim Ltd Australia (General Mining)	43.6	78.40	-1.07	79.3	22.7
CNOOC Hong Kong (Exploration Production)	73.5	12.78	-1.08	62.4	85.2
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.2	61.50	-1.13	21.9	-9.9
Nintendo Japan (Toys)	43.1	31,300	-1.26	7.8	-7.0
JFE Hldgs Japan (Iron Steel)	21.4	3,765	-1.31	72.7	-44.6
Shinhan Financial Grp South Korea (Banks)	18.6	44,450	-1.33	72.6	-18.0
Mitsubishi UFJ Finl Japan (Banks)	73.3	490.00	-1.41	-1.0	-64.5

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.60%	1.58%	0.8%	0.8%	6.5%
Event Driven	0.42	2.20	2.5	2.4	15.6
Equity Long/Short	0.28	1.91	3.2	3.4	8.7

*Estimates as of 03/29/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

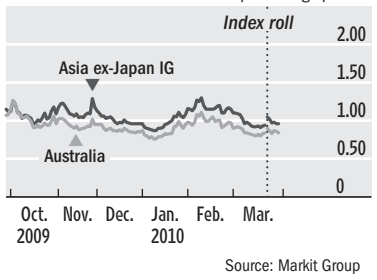
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 13/1	0.78	101.09%	0.01%	0.85	0.77	0.79
Eur. High Volatility: 13/1	1.17	99.16	0.01	1.28	1.17	1.20
Europe Crossover: 13/1	4.24	103.22	0.05	4.68	4.21	4.38
Asia ex-Japan IG: 13/1	0.96	100.20	0.01	1.05	0.96	0.98
Japan: 13/1	1.13	99.33	0.01	1.22	1.13	1.18

Note: Data as of March 30

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sanyo Shinpan Fin	598	**-24**	-55	-100
Promise	600	**-20**	-52	-99
Orix	237	**-10**	-21	-62
Acom	265	**-6**	-12	-40
DIC	116	**-5**	...	-10
Fuji Heavy Inds	110	**-5**	-3	-28
Obayashi	126	**-4**	-4	-80
Nissan Mtr	101	**-3**	-3	-31
Genting	82	**-3**	-2	-25
Fubon Finl Hldg	55	**-3**	-7	-9

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sekisui Chem	61	**1**	1	-14
Mitsubishi Chem	94	**2**	-3	-38
East Japan Rwy	28	**2**	1	-9
Asahi Kasei	38	**2**	-1	-3
Lg Electrs	84	**2**	2	-22
Mitsubishi Matls	99	**2**	3	-18
Taisei	239	**2**	-11	-108
Wan Hai Lines	179	**3**	3	-15
IHI	223	**3**	-2	-81
Nomura Hldgs	172	**8**	-14	-45

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, UK

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Barclays Capital	$65	8.3%	...	78%	16%	5%
RBS	61	7.8	18%	65	10	6
UBS	53	6.7	11	22	67	...
JPMorgan	52	6.6	42	29	15	14
Morgan Stanley	51	6.5	23	4	71	1
Goldman Sachs	41	5.3	18	30	50	2
Bank of America Merrill Lynch	40	5.1	22	56	15	7
Lloyds Banking Group	38	4.9	5	38	9	48
HSBC	33	4.3	3	49	19	29

Source: Dealogic

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GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**345.75**	-8.75	**-2.47%**	714.00	325.00
Soybeans (cents/bu.)	CBOT	**936.00**	-38.00	**-3.90**	1,087.50	819.75
Wheat (cents/bu.)	CBOT	**473.00**	-12.25	**-2.52**	1,113.50	471.00
Live cattle (cents/lb.)	CME	**93.675**	0.500	**0.54%**	96.300	83.075
Cocoa ($/ton)	ICE-US	**2,959**	-10	**-0.34**	3,514	2,066
Coffee (cents/lb.)	ICE-US	**135.65**	-3.30	**-2.37**	190.40	118.30
Sugar (cents/lb.)	ICE-US	**17.44**	-0.44	**-2.46**	29.00	11.90
Cotton (cents/lb.)	ICE-US	**81.36**	1.82	**2.29**	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	**2,556.00**	11	**0.43**	2,720	2,409
Cocoa (pounds/ton)	LIFFE	**2,256**	-6	**-0.27**	2,356	1,475
Robusta coffee ($/ton)	LIFFE	**1,349**	-7	**-0.52**	1,605	1,212
Copper (cents/lb.)	COMEX	**353.70**	-2.65	**-0.74**	357.75	140.00
Gold ($/troy oz.)	COMEX	**1113.80**	8.10	**0.73**	1,230.00	532.00
Silver (cents/troy oz.)	COMEX	**1759.50**	26.50	**1.53**	1,949.50	916.00
Aluminum ($/ton)	LME	**2,319.00**	23.00	**1.00**	2,356.50	1,376.00
Tin ($/ton)	LME	**18,400.00**	25.00	**0.14**	18,400.00	10,450.00
Copper ($/ton)	LME	**7,841.00**	20.00	**0.26**	7,841.00	4,002.00
Lead ($/ton)	LME	**2,150.00**	-16.00	**-0.74**	2,615.00	1,250.00
Zinc ($/ton)	LME	**2,387.00**	27.00	**1.14**	2,659.00	1,292.00
Nickel ($/ton)	LME	**24,970**	775	**3.20**	24,970	9,670
Crude oil ($/bbl.)	NYMEX	**82.65**	0.28	**0.34**	132.95	52.95
Heating oil ($/gal.)	NYMEX	**2.1425**	0.0109	**0.51**	3.4240	1.3933
RBOB gasoline ($/gal.)	NYMEX	**2.2888**	0.0167	**0.72**	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	**3.920**	-0.053	**-1.33**	10.430	3.847
Brent crude ($/bbl.)	ICE-EU	**82.35**	0.57	**0.70**	147.38	50.55
Gas oil ($/ton)	ICE-EU	**682.00**	9.75	**1.45**	696.00	552.00

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 31

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2406	0.1908	3.8755	0.2580
Brazil real	2.4094	0.4150	1.7818	0.5612
Canada dollar	1.3734	0.7281	1.0157	0.9846
1-mo. forward	1.3734	0.7281	1.0157	0.9846
3-mos. forward	1.3736	0.7280	1.0158	0.9844
6-mos. forward	1.3749	0.7273	1.0168	0.9835
Chile peso	708.24	0.001412	523.75	0.001909
Colombia peso	2596.86	0.0003851	1920.40	0.0005207
Ecuador US dollar-f	1.3522	0.7395	1	1
Mexico peso-a	16.6408	0.0601	12.3060	0.0813
Peru sol	3.8438	0.2602	2.8425	0.3518
Uruguay peso-e	26.436	0.0378	19.550	0.0512
U.S. dollar	1.3522	0.7395	1	1
Venezuela bolivar	5.81	0.172193	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4746	0.6782	1.0905	0.9171
China yuan	9.2303	0.1083	6.8259	0.1465
Hong Kong dollar	10.5000	0.0952	7.7649	0.1288
India rupee	60.8174	0.0164	44.9750	0.0222
Indonesia rupiah	12292	0.0000814	9090	0.0001100
Japan yen	126.29	0.007918	93.40	0.010707
1-mo. forward	126.27	0.007919	93.38	0.010709
3-mos. forward	126.23	0.007922	93.35	0.010713
6-mos. forward	126.12	0.007929	93.27	0.010722
Malaysia ringgit-c	4.4062	0.2270	3.2585	0.3069
New Zealand dollar	1.9059	0.5247	1.4094	0.7095
Pakistan rupee	113.589	0.0088	84.000	0.0119
Philippines peso	61.007	0.0164	45.115	0.0222
Singapore dollar	1.8917	0.5286	1.3990	0.7148
South Korea won	1530.00	0.0006536	1131.45	0.0008838
Taiwan dollar	42.924	0.02330	31.743	0.03150
Thailand baht	43.779	0.02284	32.375	0.03089

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7395	1.3523
1-mo. forward	1.0000	1.0000	0.7395	1.3523
3-mos. forward	1.0000	1.0000	0.7395	1.3523
6-mos. forward	1.0001	0.9999	0.7396	1.3521
Czech Rep. koruna-b	25.416	0.0393	18.796	0.0532
Denmark krone	7.4443	0.1343	5.5051	0.1816
Hungary forint	265.80	0.003762	196.56	0.005088
Norway krone	8.0351	0.1245	5.9420	0.1683
Poland zloty	3.8597	0.2591	2.8543	0.3504
Russia ruble-d	39.791	0.02513	29.426	0.03398
Sweden krona	9.7416	0.1027	7.2040	0.1388
Switzerland franc	1.4238	0.7024	1.0529	0.9498
1-mo. forward	1.4234	0.7025	1.0526	0.9500
3-mos. forward	1.4227	0.7029	1.0521	0.9505
6-mos. forward	1.4215	0.7035	1.0512	0.9513
Turkey lira	2.0532	0.4870	1.5184	0.6586
U.K. pound	0.8905	1.1230	0.6585	1.5186
1-mo. forward	0.8906	1.1228	0.6586	1.5183
3-mos. forward	0.8910	1.1224	0.6589	1.5177
6-mos. forward	0.8914	1.1218	0.6592	1.5170
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5098	1.9616	0.3770	2.6526
Egypt pound-a	7.4455	0.1343	5.5060	0.1816
Israel shekel	4.9925	0.2003	3.6920	0.2709
Jordan dinar	0.9577	1.0441	0.7083	1.4119
Kuwait dinar	0.3903	2.5619	0.2887	3.4643
Lebanon pound	2030.40	0.0004925	1501.50	0.0006660
Saudi Arabia riyal	5.0711	0.1972	3.7502	0.2667
South Africa rand	9.9154	0.1009	7.3325	0.1364
United Arab dirham	4.9668	0.2013	3.6730	0.2723
SDR -f	0.8907	1.1228	0.6587	1.5182

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	128.37	-0.42	**-0.33%**	4.3%	50.8%
...	Australia	SPX/ASX 200	4875.52	-41.27	**-0.84**	0.1	36.2
...	China	CBN 600	27867.33	-123.77	**-0.44**	-4.1	33.5
16	Hong Kong	Hang Seng	21239.35	-135.44	**-0.63**	-2.9	57.1
20	India	Sensex	17527.77	-62.40	**-0.35**	0.4	77.0
..	Indonesia	Jakarta Composite	2777.301	-20.967	**-0.75**	9.6	90.0
...	Japan	Nikkei Stock Average	11089.94	-7.20	**-0.06**	5.2	32.8
...		Topix	978.81	-0.77	**-0.08**	7.8	23.3
...	Malaysia	Kuala Lumpur Composite	1320.57	1.22	**0.09%**	3.8	49.4
...	New Zealand	NZSX-50	3267.993	18.345	**0.56**	1.2	27.2
8	Pakistan	KSE 100	10178.43	104.67	**1.04**	8.4	46.8
15	Philippines	Manila Composite	3161.80	-40.37	**-1.26**	3.6	60.7
...	Singapore	Straits Times	2887.46	-45.93	**-1.57**	-0.4	69.6
11	South Korea	Kospi	1692.85	-7.34	**-0.43**	0.6	37.3
19	Taiwan	Weighted	7920.06	-42.16	**-0.53**	-3.3	49.0
10	Thailand	SET	787.98	-0.82	**-0.10**	7.3	83.2
23	**EUROPE**	Stoxx Europe 600	263.57	-0.30	**-0.11**	4.1	47.2
14		Stoxx Europe 50	2629.16	-4.58	**-0.17**	1.9	43.5
27	**Euro Zone**	Euro Stoxx	277.00	-0.61	**-0.22%**	0.8%	42.8%
14		Euro Stoxx 50	2931.16	-8.52	**-0.29**	-1.2	39.9
20	Denmark	OMX Copenhagen	358.39	-0.05	**-0.01**	13.5	63.9
21	Finland	OMX Helsinki	7297.79	2.73	**0.04%**	13.0	58.2
16	France	CAC-40	3974.01	-13.40	**-0.34**	1.0	39.9
15	Germany	DAX	6153.55	11.10	**0.18**	3.3	49.0
13	Italy	FTSE MIB	22847.97	-155.37	**-0.68**	-1.7	42.4
...	Netherlands	AEX	344.22	0.62	**0.18**	2.7	56.0
...	Russia	RTSI	1572.48	10.19	**0.65**	10.2	129.4
10	Spain	IBEX 35	10871.3	-109.4	**-1.00**	-9.0	36.4
16	Switzerland	SMI	6873.37	1.95	**0.03**	5.0	37.1
...	Turkey	ISE National 100	56538.37	-216.04	**-0.38**	7.0	117.9
14	U.K.	FTSE 100	5679.64	7.32	**0.13**	4.9	43.6
18	**AMERICAS**	DJ Americas	311.53	-0.69	**-0.22**	5.1	50.8
...	Brazil	Bovespa	69930.41	-29.17	**-0.04**	2.0	67.4
...	Argentina	Merval	2413.20	8.43	**0.35**	4.0	112.7
19	Mexico	IPC	33265.08	-134.38	**-0.40**	3.6	67.3

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.19%	19	**Global TSM**	2392.25	-2.82	**-0.12%**	3.2%	52.4%	-6.2%
1.92	19	**Global DOW**	2020.39	-4.21	**-0.21**	1.8	47.6	-3.0
2.43	15	**Global Titans 50**	173.46	0.10	**0.06**	-0.1	36.1	-8.5
2.18	25	**Asia/Pacific TSM**	1269.21	-3.82	**-0.30**	4.3	54.7	-4.3
2.42	15	**Asia/Pacific ex-Japan TSM**	3133.41	-16.39	**-0.52**	1.9	76.7	1.5
2.78	14	**Europe TSM**	2618.29	5.46	**0.21**	-2.2	51.1	-10.7
1.86	14	**Emerging Markets TSM**	4194.61	7.26	**0.17**	3.4	84.1	2.4
2.45	33	**Asian Titans 50**	140.11	-0.63	**-0.45**	4.3	48.3	-5.7
6.37	6	**BRIC 50**	600.91	2.64	**0.44**	0.5	78.0	6.9
0.86	27	**CBN China 600** -c	27867.33	-123.77	**-0.44**	-4.1	33.5	8.0
2.35	18	**China Offshore 50**	3998.22	-9.39	**-0.23**	-2.0	48.4	7.2
0.89	30	**Shanghai** -c	377.24	-1.43	**-0.38**	-2.7	34.6	8.0

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
0.56%	46	**Shenzhen** -c	412.76	-0.58	**-0.14%**	-0.9%	49.3%	13.8%
1.84	22	**U.S. TSM**	12036.26	-40.44	**-0.33**	5.7	47.3	-5.7
4.83	14	**Global Select Div** -d	199.97	-0.21	**-0.10**	-1.0	77.5	-10.1
5.34	14	**Asia/Pacific Select Div** -d	274.72	-2.18	**-0.79**	2.3	89.3	-10.2
3.70	14	**Hong Kong Select Div** -d	195.51	-1.19	**-0.61**	4.3	59.8	1.3
4.23	15	**U.S. Select Dividend** -d	331.20	-1.23	**-0.37**	4.9	43.8	-13.0
1.80	15	**Islamic Market**	2021.82	-1.58	**-0.08**	2.4	45.7	-1.7
2.00	15	**Islamic Market 100**	2134.91	-2.87	**-0.13**	0.6	33.8	-2.2
2.60	17	**Islamic China/HK Titans 30**	1502.04	-13.89	**-0.92**	1.1	52.0	2.2
1.55	12	**Sustainability Korea**	1230.86	-9.07	**-0.73**	2.1	71.6	1.0
3.40	17	**Brookfield Infrastructure**	2059.42	3.31	**0.16**	1.6	45.4	-4.4
		DJ-UBS Commodity -p	132.67	0.60	**0.46**	-4.7	20.9	-8.3

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.090	0.659	1.016	6.826	0.740	7.765	44.975	9090.08	93.395	1.409	1131.45	3.258	45.115	1.399	1.053	31.742	32.375
Australia	0.917		0.604	0.931	6.260	0.678	7.121	41.244	8336.06	85.648	1.293	1037.60	2.988	41.373	1.283	0.966	29.109	29.689
Britain	1.519	1.656		1.542	10.365	1.123	11.791	68.297	13803.75	141.825	2.140	1718.17	4.948	68.509	2.124	1.599	48.203	49.163
Canada	0.985	1.074	0.648		6.721	0.728	7.645	44.282	8950.01	91.956	1.388	1114.02	3.208	44.420	1.377	1.037	31.253	31.876
China	0.1465	0.160	0.096	0.149		0.108	1.138	6.589	1331.71	13.683	0.206	165.76	0.477	6.609	0.205	0.154	4.650	4.743
Euro	1.352	1.475	0.890	1.373	9.230		10.500	60.817	12292.06	126.293	1.906	1530.01	4.406	61.007	1.892	1.424	42.924	43.779
Hong Kong	0.129	0.140	0.085	0.131	0.879	0.095		5.792	1170.67	12.028	0.182	145.71	0.420	5.810	0.180	0.136	4.088	4.169
India	0.0222	0.0242	0.0146	0.0226	0.1518	0.0164	0.1726		202.11	2.0766	0.0313	25.16	0.0725	1.0031	0.0311	0.0234	0.7058	0.7198
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0008	0.0001	0.0009	0.0049		0.0103	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.011	0.073	0.008	0.083	0.482	97.33		0.015	12.11	0.035	0.483	0.015	0.011	0.340	0.347
New Zealand	0.710	0.774	0.467	0.721	4.843	0.525	5.509	31.910	6449.41	66.264		802.77	2.312	32.009	0.993	0.747	22.521	22.970
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0007	0.0069	0.0397	8.03	0.0825	0.0012		0.0029	0.0399	0.0012	0.0009	0.0281	0.0286
Malaysia	0.307	0.335	0.202	0.312	2.095	0.227	2.383	13.803	2789.70	28.662	0.433	347.24		13.846	0.429	0.323	9.742	9.936
Philippines	0.022	0.024	0.015	0.023	0.151	0.016	0.172	0.997	201.49	2.070	0.031	25.08	0.072		0.031	0.023	0.704	0.718
Singapore	0.715	0.779	0.471	0.726	4.879	0.529	5.550	32.149	6497.79	66.761	1.008	808.79	2.329	32.249		0.753	22.690	23.142
Switzerland	0.950	1.036	0.625	0.965	6.483	0.702	7.375	42.715	8633.38	88.703	1.339	1074.61	3.095	42.848	1.329		30.148	30.748
Taiwan	0.032	0.034	0.021	0.032	0.215	0.023	0.245	1.417	286.37	2.942	0.044	35.64	0.103	1.421	0.044	0.033		1.020
Thailand	0.031	0.034	0.020	0.031	0.211	0.023	0.240	1.389	280.77	2.885	0.044	34.95	0.101	1.394	0.043	0.033	0.980	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 31, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	307.49	-0.11%	**2.7%**	64.3%
2.50	24	**World (Developed Markets)**	1,201.10	-0.04	**2.8**	60.0
1.80	83	**World Small Cap**	204.33	-0.16	**7.5**	84.4
2.50	21	**Kokusai (World ex-Japan)**	1,185.67	0.07	**2.2**	62.8
3.00	23	**EAFE**	1,581.38	-0.06	**0.0**	58.5
2.20	20	**Emerging Markets (EM)**	1,009.33	-0.56	**2.0**	102.1
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	425.74	-0.53	**2.2**	98.7
2.20	22	**AC Far East ex-Japan**	455.35	-0.62	**1.2**	89.3
1.70	145	**Japan**	612.79	1.33	**7.8**	31.2
2.00	19	**China**	64.18	0.96	**-1.0**	77.1
0.90	37	**China A (China Domestic)**	3,222.29	0.23	**-4.7**	58.0
2.60	23	**Hong Kong**	10,542.36	0.12	**3.6**	68.1
0.90	20	**India**	716.04	-0.74	**1.3**	110.6
1.30	16	**Korea**	482.43	0.42	**0.3**	65.5
2.30	20	**Malaysia**	483.79	0.11	**3.0**	46.0
3.10	17	**Singapore**	1,628.43	0.30	**0.2**	81.7
2.70	234	**Taiwan**	284.27	0.27	**-3.9**	64.7
3.30	18	**Thailand**	327.40	2.47	**8.5**	86.0
3.60	25	**Australia**	1,018.96	0.43	**1.8**	47.7
5.00	16	**New Zealand**	84.26	0.02	**-3.4**	15.3
1.90	28	**US BROAD MARKET**	1,310.52	-0.03	**5.9**	63.2
3.40	16	**EUROPE**	91.53	0.00	**3.7**	51.4

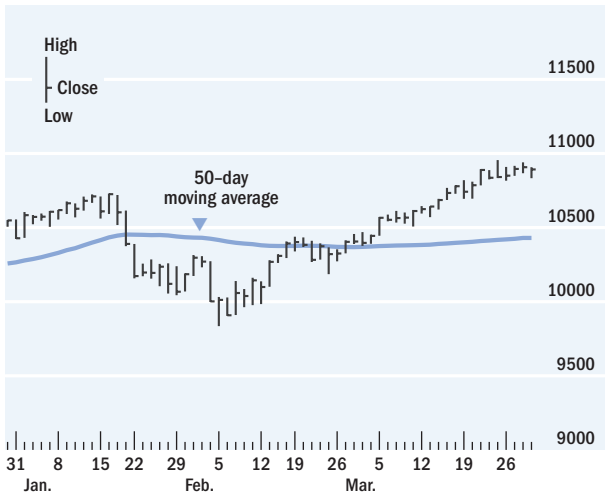
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 17

LAST: **10892.38** ▼ 15.04, or 0.14%
YEAR TO DATE: ▲ **464.33, or 4.5%**
OVER 52 WEEKS ▲ **3,130.78, or 40.3%**

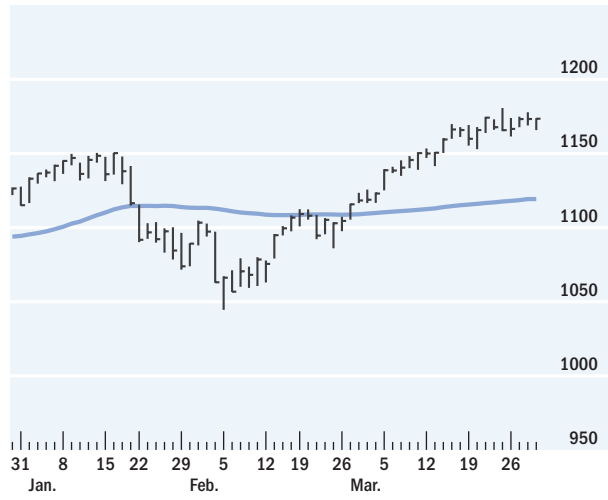


Nasdaq Composite Index P/E: 17*

LAST: **2413.51** ▲ 2.82, or 0.12%
YEAR TO DATE: ▲ **144.36, or 6.4%**
OVER 52 WEEKS ▲ **861.91, or 55.5%**

S&P 500 Index P/E: 23

LAST: **1173.46** ▲ 0.19, or 0.02%
YEAR TO DATE: ▲ **58.36, or 5.2%**
OVER 52 WEEKS ▲ **362.38, or 44.7%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**16.70**	$25.96	0.01	**0.04%**
Alcoa	AA	**12.90**	14.36	-0.04	**-0.28**
AmExpress	AXP	**3.00**	41.47	0.18	**0.44**
BankAm	BAC	**61.30**	17.89	0.13	**0.73**
Boeing	BA	**3.20**	72.66	-0.87	**-1.18**
Caterpillar	CAT	**3.60**	63.17	0.01	**0.02**
Chevron	CVX	**4.80**	75.89	0.59	**0.78**
CiscoSys	CSCO	**19.40**	26.37	-0.28	**-1.05**
CocaCola	KO	**5.50**	55.10	0.23	**0.42**
Disney	DIS	**5.90**	34.97	-0.13	**-0.37**
DuPont	DD	**3.60**	37.46	-0.32	**-0.85**
ExxonMobil	XOM	**10.50**	67.05	0.00	**-0.01**
GenElec	GE	**27.20**	18.32	0.02	**0.08**
HewlettPk	HPQ	**6.20**	53.32	0.06	**0.11**
HomeDpt	HD	**4.30**	32.36	-0.33	**-1.01**
Intel	INTC	**23.10**	22.37	0.03	**0.13**
IBM	IBM	**2.10**	128.47	-0.30	**-0.23**
JPMorgChas	JPM	**14.20**	44.93	0.35	**0.78**
JohnsJohns	JNJ	**5.20**	65.25	0.35	**0.54**
KftFoods	KFT	**4.20**	30.30	-0.20	**-0.66**
McDonalds	MCD	**2.20**	67.04	-0.20	**-0.30**
Merck	MRK	**5.80**	37.52	-0.14	**-0.37**
Microsoft	MSFT	**21.70**	29.48	-0.29	**-0.97**
Pfizer	PFE	**30.70**	17.24	-0.02	**-0.12**
ProctGamb	PG	**3.50**	63.40	-0.26	**-0.41**
3M	MMM	**2.10**	84.01	-0.27	**-0.32**
TravelersCos	TRV	**1.20**	54.00	0.07	**0.13**
UnitedTech	UTX	**1.40**	74.07	-0.06	**-0.08**
Verizon	VZ	**12.40**	31.01	-0.23	**-0.72**
WalMart	WMT	**3.60**	55.61	-0.30	**-0.54**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**300.3**	$4.09	$0.00	**0.00%**
FordMotor	F	**276.1**	12.68	-0.60	**-4.52**
SiriusXM	SIRI	**93.8**	0.85	0.01	**0.91**
SPDR S&P 500	SPY	**85.3**	117.35	-0.05	**-0.04**
BankAm	BAC	**62.4**	17.88	0.12	**0.68**
SprintNextel	S	**38.9**	3.91	0.09	**2.36**
DrxFinancBear 3x	FAZ	**34.4**	13.35	-0.17	**-1.26**
Pfizer	PFE	**30.7**	17.25	-0.01	**-0.06**
iShrMSCIEmrgMkt	EEM	**30.5**	42.18	0.18	**0.43**
PwrShrs QQQ	QQQQ	**29.6**	48.34	-0.05	**-0.10**
ArQule	ARQL	**29.4**	6.73	3.23	**92.29**
SPDR FnclSelSct	XLF	**28.2**	15.98	0.06	**0.38**
GenElec	GE	**27.4**	18.32	0.02	**0.08**
PMI Gp	PMI	**27.2**	5.59	1.05	**23.13**
ApldMatl	AMAT	**25.7**	13.66	0.21	**1.56**

Biggest gainers...

ArQule	ARQL	**29,372.2**	$6.73	$3.23	**92.29%**
AirTransport	ATSG	**2,056.7**	3.11	0.80	**34.63**
AdeptTch	ADEP	**22.5**	4.88	0.99	**25.45**
WaccamawBkshrs	WBNK	**16.8**	2.77	0.55	**24.77**
PMI Gp	PMI	**27,209.9**	5.59	1.05	**23.13**

...Biggest losers

AdeonaPharm	AEN	**3,692.8**	$2.00	-$0.33	**-14.08%**
KV Pharm A	KVA	**709.6**	1.92	-0.31	**-13.90**
OrientPaper	ONP	**1,070.6**	8.33	-1.21	**-12.68**
SmartHeat	HEAT	**2,615.3**	10.98	-1.54	**-12.30**
KV Pharm B	KVB	**13.8**	2.18	-0.29	**-11.74**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$8.31	**Taiwan Semi**	TSM	**7,592.3**	$10.44	-0.11	**-1.04%**
82.74	42.33	**BHP Billiton**	BHP	**2,186.7**	80.34	-0.77	**-0.95**
4.24	2.28	**Utd Microelectronics**	UMC	**1,784.9**	3.77	0.02	**0.53**
6.68	1.78	**SemiMfgInt**	SMI	**1,118.4**	6.45	-0.22	**-3.33**
15.95	9.58	**China Unicom**	CHU	**1,098.5**	11.20	0.00	**0**
6.84	4.79	**Mitsu UFJ Fnl**	MTU	**979.5**	5.26	-0.11	**-2.05**
13.30	7.91	**AU Optrncs**	AUO	**719.0**	11.31	-0.02	**-0.18**
59.22	42.00	**China Mobile**	CHL	**651.0**	48.25	-0.52	**-1.07**
18.64	14.82	**SK Telecom**	SKM	**636.9**	17.33	-0.20	**-1.14**
8.19	5.63	**Siliconware Prec Ind**	SPIL	**557.5**	6.03	0.01	**0.17**
62.37	25.25	**Infosys Tech**	INFY	**519.4**	59.23	-0.50	**-0.84**
91.97	63.00	**Toyota Motor**	TM	**464.1**	80.58	-0.67	**-0.82**
18.20	8.88	**Korea Elec Pwr**	KEP	**459.5**	16.31	-0.30	**-1.81**
9.82	6.24	**Telecom Corp of NZ**	NZT	**428.7**	7.76	0.04	**0.52**
40.45	20.49	**Sony**	SNE	**298.5**	38.39	-0.45	**-1.16**
34.27	14.19	**Aluminum Cp of China**	ACH	**279.8**	25.88	-0.52	**-1.97**
20.49	16.87	**ChunghwaTel**	CHT	**242.3**	19.49	0.13	**0.70**
9.50	5.01	**Nomura Hldgs**	NMR	**236.6**	7.37	-0.18	**-2.38**
150.50	64.01	**POSCO**	PKX	**235.7**	117.50	-0.89	**-0.75**
5.23	2.36	**Adv Semi Engrg**	ASX	**233.4**	4.56	0.07	**1.56**
81.00	47.60	**China Life Ins**	LFC	**206.3**	72.02	0.49	**0.69**
24.09	18.18	**NTT**	NTT	**193.9**	21.12	0.08	**0.38**
21.78	12.96	**KT Corp**	KT	**183.1**	20.83	0.11	**0.53**
16.40	2.55	**City Telecom**	CTEL	**164.2**	16.05	-0.13	**-0.80**
135.92	78.11	**PetroChina**	PTR	**129.8**	117.47	0.65	**0.56**
41.87	24.50	**Telekom Indonesia**	TLK	**129.3**	35.67	0.27	**0.76**
37.23	23.16	**Honda Motor**	HMC	**115.0**	35.48	0.01	**0.03**
46.81	28.82	**Canon**	CAJ	**113.8**	46.29	-0.26	**-0.56**
27.36	10.97	**Nidec**	NJ	**112.2**	26.96	-0.04	**-0.15**
171.59	97.77	**CNOOC**	CEO	**103.8**	166.32	-0.93	**-0.56**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

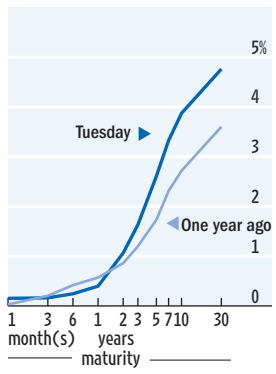
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.992%**	**394.8**	397.1	374.1	**230.6**	**5.030%**	4.560%	**3.110%**
4.500	10	**5.772**	**192.5**	192.3	188.3	**194.7**	**5.805**	5.497	**4.616**
5.000	**Austria** 2	**1.267**	**22.3**	18.8	51.1	**29.6**	**1.247**	1.330	**1.100**
3.900	10	**3.465**	**-38.2**	-38.5	-3.6	**138.1**	**3.497**	3.578	**4.050**
2.000	**Belgium** 2	**1.063**	**1.9**	0.8	31.0	**96.7**	**1.067**	1.129	**1.771**
3.750	10	**3.545**	**-30.2**	-30.8	5.5	**127.8**	**3.574**	3.669	**3.947**
1.500	**Canada** 2	**1.746**	**70.2**	67.5	31.5	**27.2**	**1.734**	1.134	**1.076**
3.750	10	**3.585**	**-26.2**	-29.3	-22.0	**11.7**	**3.589**	3.394	**2.786**
4.000	**Denmark** 2	**1.555**	**51.1**	49.9	86.0	**97.9**	**1.558**	1.679	**1.783**
4.000	10	**3.384**	**-46.3**	-48.0	-19.5	**72.3**	**3.402**	3.419	**3.392**
3.750	**France** 2	**0.917**	**-12.7**	-14.2	13.6	**51.0**	**0.917**	0.955	**1.314**
3.500	10	**3.420**	**-42.7**	-43.0	-19.2	**95.8**	**3.452**	3.422	**3.627**
1.000	**Germany** 2	**0.979**	**-6.5**	-7.0	4.0	**43.5**	**0.989**	0.859	**1.239**
3.250	10	**3.100**	**-74.7**	-76.8	-50.5	**33.3**	**3.114**	3.109	**3.002**
0.640	**Hong Kong** 2	**0.906**	**-13.8**	-16.4	-15.6	**-1.3**	**0.895**	0.663	**0.791**
2.160	10	**2.995**	**-85.2**	-91.5	-81.3	**-61.4**	**2.967**	2.801	**2.055**
5.000	**Italy** 2	**1.358**	**31.4**	29.6	61.4	**110.1**	**1.355**	1.433	**1.905**
4.250	10	**3.867**	**2.0**	0.6	37.1	**172.1**	**3.888**	3.985	**4.390**
0.200	**Japan** 2	**0.185**	**-85.9**	-88.2	-66.4	**-39.4**	**0.177**	0.155	**0.410**
1.400	10	**1.413**	**-243.4**	-248.3	-230.5	**-132.2**	**1.399**	1.309	**1.347**
2.500	**Netherlands** 2	**0.880**	**-16.4**	-17.6	9.9	**64.6**	**0.883**	0.918	**1.450**
3.500	10	**3.327**	**-52.0**	-52.6	-21.3	**107.4**	**3.356**	3.401	**3.743**
5.000	**Portugal** 2	**1.680**	**63.6**	66.5	130.0	**131.9**	**1.724**	2.119	**2.123**
4.800	10	**4.240**	**39.3**	40.9	90.3	**190.4**	**4.291**	4.517	**4.573**
5.350	**Spain** 2	**1.240**	**19.6**	5.4	46.5	**99.5**	**1.113**	1.284	**1.799**
4.000	10	**3.819**	**-2.8**	-4.1	27.9	**139.2**	**3.841**	3.893	**4.061**
2.750	**Switzerland** 2	**0.457**	**-58.7**	-59.9	-38.2	**-31.3**	**0.460**	0.437	**0.491**
2.250	10	**1.898**	**-194.9**	-195.8	-170.6	**-55.2**	**1.924**	1.908	**2.117**
3.250	**U.K.** 2	**0.947**	**-9.7**	-5.4	12.3	**38.4**	**1.005**	0.942	**1.188**
3.750	10	**3.945**	**9.8**	10.5	41.9	**49.6**	**3.987**	4.033	**3.165**
1.000	**U.S.** 2	**1.044**	**...**	...	...	**...**	**1.059**	0.819	**0.804**
3.625	10	**3.847**	**...**	...	...	**...**	**3.882**	3.614	**2.669**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.758%**	15.87	-3.19%	-0.88%	-0.88%	-13.85%
10-year Treasury	**3.870**	8.18	-1.94	0.67	0.67	-5.79
7 Year Treasury	**3.323**	6.21	-1.35	1.59	1.59	-1.34
Five-year Treasury	**2.607**	4.67	-1.12	1.24	1.24	-0.01
Ryan Index	**2.875**	6.63	-1.44	0.71	0.71	-2.89
3 Year Treasury	**1.630**	2.89	-0.63	0.93	0.93	2.00
Two-year Treasury	**1.063**	1.98	-0.40	0.59	0.59	1.62
1 Year Treasury	**0.397**	0.94	-0.03	0.21	0.21	1.13
Six-month Treasury	**0.244**	0.50	0.01	0.05	0.05	0.50
Ryan Cash Index-a	**0.239**	0.44	...	0.08	0.08	0.50
Three-month bill	**0.162**	0.25	0.01	0.03	0.03	0.28
One-month bill	**0.152**	0.08	0.01	0.01	0.01	0.11

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.50
Switzerland	**0.55**	0.53
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.24863%**	0.49500%
Three month	**0.29150**	1.17688
Six month	**0.44438**	1.71625
One year	**0.92000**	1.95125

	Latest	52 wks ago
Euro Libor		
One month	**0.36563%**	1.10688%
Three month	**0.57750**	1.49375
Six month	**0.88375**	1.65938
One year	**1.18875**	1.81375
Hibor		
One month	**0.09857**	0.31857%
Three month	**0.14929**	0.90214
Six month	**0.25000**	1.19000
One year	**0.58786**	1.52000
Asian dollars		
One month	**0.2566%**	0.52%
Three month	**0.2916**	1.1860
Six month	**0.4386**	1.7240
One year	**0.9080**	1.9480

	Offer	Bid
Eurodollars		
One month	**0.3100%**	0.2100%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.12%**	0.28%
U.K. (BBA)	**0.512**	0.567
Euro zone	**0.29**	0.99

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average

Japan 11089.94

▼ **0.06% or 7.20**

The index ended at an 18-month high as profit-taking centered on technology shares offset the benefits of more yen weakness for prominent exporters.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**111.88**	185	–1	–0.54
Mtshbsh Fin Grp	**67.95**	490	–7	–1.41
Hitachi	**41.40**	349	–2	–0.57
MazdaMtr	**41.36**	263	12	4.78
Toshiba	**39.57**	483	–5	–1.02

Straits-Times

Singapore 2887.46

▼ **1.57% or 45.93**

Commodity trader Noble Group declined as investors remained cautious about whether the company's plan to sell Gloucester Coal to Macarthur Coal will succeed.

Stock	Volume in millions	Close	Change Net	Change %
Genting Spore	**94.03**	0.89	–0.03	–3.28
Golden Agri	**72.36**	0.58	0.01	1.75
Sing Telecom	**31.37**	3.17	–0.09	–2.76
Noble Grp	**29.35**	3.06	–0.08	–2.55
NeptuneOrientLines	**25.59**	2.01	0.03	1.52

ASX 200

Australia 4875.52

▼ **0.84% or 41.27**

The market was hurt by disappointing economic data, with all sectors losing ground despite expectations of end-of-quarter buying. Materials and financials took a hit.

Stock	Volume in millions	Close	Change Net	Change %
Boart Longyear	**93.02**	0.34	0.01	3.08
Telstra	**85.55**	2.99	–0.03	–0.99
Goodman Grp-Stpl	**72.74**	0.66	0.01	0.77
Sigma Pharmctcls	**72.66**	0.47	–0.44	–48.33
GPT Group	**71.07**	0.58	unch.	...

Hang Seng

Hong Kong 21239.35

▼ **0.63% or 135.44**

The index snapped a three-day winning streak amid profit-taking. Hutchison Whampoa regained some ground after giving up 2.7% Tuesday on its 2009 results.

Stock	Volume in millions	Close	Change Net	Change %
CCB	**555.40**	6.36	0.10	1.60
Bank Of China	**353.79**	4.14	0.02	0.49
Icbc	**343.23**	5.92	0.04	0.68
Bank of Comm	**163.37**	9.25	0.39	4.40
PetroChina	**110.28**	9.08	0.04	0.44

Asian stocks in the news

Adaro Energy

Indonesia 1,960 rupiah

▲ **2.6% or 50 rupiah**

BHP said it entered into a joint venture with an Adaro Energy unit for a coal project in Indonesia.

Price-to-earnings ratio	**17**
Earnings per share, past four quarters	**116.68**
Dividend yield	**0.8**

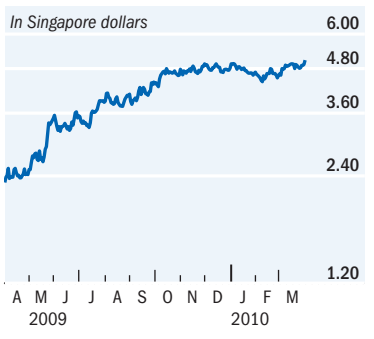
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-1.0%**	2.0%	85.2%
Adaro Energy	**2.6%**	4.3%	120.2%

Hongkong Land

Singapore S$5.07

▲ **2.8% or S$0.14**

The property concern tacked on another day of gains.



Price-to-earnings ratio	**7**
Earnings per share, past four quarters	**0.73**
Dividend yield	**3.2**

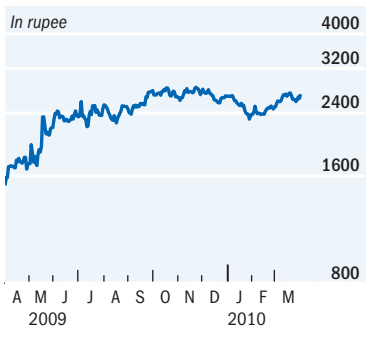
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**-0.7%**	2.0%	60.3%
Hongkong Land	**2.8%**	5.4%	120.4%

Housing Devt Fin

India 2,712.85 rupee

▲ **2.9% or 75.25 rupee**

The mortgage lender was among financials that bounced back from Tuesday's losses.



Price-to-earnings ratio	**29**
Earnings per share, past four quarters	**92.13**
Dividend yield	**1.1**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Financial Services	**-0.8%**	1.1%	63.3%
Housing Devt Fin	**2.9%**	3.5%	80.2%

Mitsui O.S.K. Lines

Japan ¥671

▲ **3.5% or ¥23**

Companies in the sector were strong, despite another drop in the Baltric Dry Index.

Price-to-earnings ratio	**81**
Earnings per share, past four quarters	**8.30**
Dividend yield	**0.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.2%**	2.0%	67.1%
Mitsui O.S.K. Lines	**3.5%**	5.8%	35.0%

Bank of Comms

Hong Kong HK$9.25

▲ **4.4% or HK$0.39**

The Chinese lender late Tuesday posted a rise in its fiscal 2009 net profit.

Price-to-earnings ratio	**14**
Earnings per share, past four quarters	**0.66**
Dividend yield	**2.5**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**-0.4%**	1.9%	56.0%
Bank of Comms	**4.4%**	6.8%	73.2%

United Overseas Bk

Singapore S$19.22

▼ **2.7% or S$0.54**

Bank stocks were among those that fell the most on profit-taking.

Price-to-earnings ratio	**15**
Earnings per share, past four quarters	**1.26**
Dividend yield	**3.1**

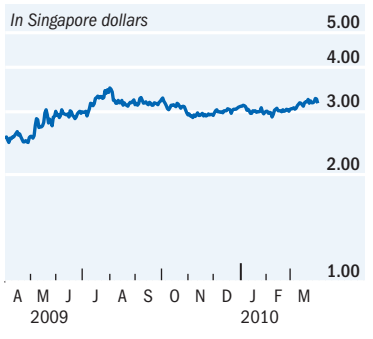
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**-0.4%**	1.9%	56.0%
United Overseas Bk	**-2.7%**	-1.1%	96.1%

Singapore Telecomm

Singapore S$3.17

▼ **2.8% or S$0.09**

Deutsche Bank said in a report that it sees a near-term price weakness in the stock.



Price-to-earnings ratio	**13**
Earnings per share, past four quarters	**0.24**
Dividend yield	**4.1**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**-0.4%**	0.3%	20.0%
Singapore Telecomm	**-2.8%**	-0.3%	25.3%

City Devs

Singapore S$10.60

▼ **2.9% or S$0.32**

Among decliners, property stocks weakened as investors took profits.

Price-to-earnings ratio	**17**
Earnings per share, past four quarters	**0.63**
Dividend yield	**0.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**0.3%**	0.9%	34.3%
City Devs	**-2.9%**	0.2%	106.2%

ASX Ltd

Australia A$33.94

▼ **3.1% or A$1.09**

Shares slid after the government backed competition for the stock-exchange operator.

Price-to-earnings ratio	**19**
Earnings per share, past four quarters	**1.81**
Dividend yield	**2.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Financial Services	**-0.8%**	1.1%	63.3%
ASX Ltd	**-3.1%**	-5.5%	12.9%

Henderson Land Dev

Hong Kong HK$54.70

▼ **4.2% or HK$2.40**

Shares fell on dilution concerns after the developer said it plans to issue bonus warrants.

Price-to-earnings ratio	**21**
Earnings per share, past four quarters	**2.58**
Dividend yield	**1.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**-0.7%**	2.0%	60.3%
Henderson Land Dev	**-4.2%**	-0.2%	90.9%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Apple won't be bruised in the fight over iPhone

No matter how big the purse in a heavyweight boxing match, the real gold may come from staging the fight. It is a little like that in the wireless industry.

If Verizon Wireless gets to sell the iPhone in the next year or so, as reported by The Wall Street Journal, its battle with **AT&T** will heat up. But regardless of how many customers either side gains or loses, the real winner will be **Apple**. It might not get as rich a wholesale price for the device as it has from AT&T during its period of exclusivity. But working with Verizon gives Apple the chance to sharply boost its U.S. market share—likely at the expense of rivals in the **Google**-affiliated Android camp.

After all, with 91.2 million customers at Dec. 31, Verizon tops AT&T, with 85.1 million. There is a bigger disparity when only customers with contracts are counted. And the widespread perception that AT&T's network has capacity problems has likely kept some would-be iPhone users from signing up.

Working with Verizon will give Apple the chance to sharply boost its U.S. market share—likely at the expense of rivals in the Google-affiliated Android camp.

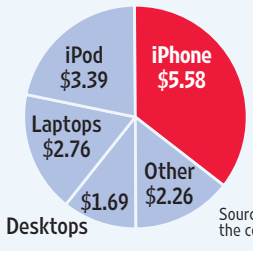
Of course, as those capacity problems have largely come from heavy iPhone users, there is a good chance Verizon, which is owned by **Verizon Communications** and **Vodafone Group**, will face similar challenges if it gets the device. In contrast, losing a few customers could help relieve the strain on AT&T's network, which also is being upgraded. The company has boosted capital spending to add capacity, particularly in two "very high-volume" and high-profile markets: New York and San Francisco.

What this means is that AT&T and Verizon will bloody each other in the battle for lucrative smartphone customers. On the sidelines, counting the cash, likely will be Apple.

—Martin Peers

Slicing the apple

Apple product revenues for December quarter, in billions



Look overseas for growth, Dai-ichi

Having closed an $11.2 billion initial public offering, **Dai-ichi Mutual Life Insurance** needs to write a policy for itself—one laying out its international expansion plans.

The company has had a tepid response from institutional investors, particularly foreigners, who have a slew of Asian insurance offerings to choose from these days. Instead it was Dai-ichi's brand name in Japan that carried the offering: Retail investors heavily oversubscribed.

The institutional hesitancy reflects a fundamental problem: The Japanese life-insurance market has been shrinking 3% to 4% a year. Dai-ichi, No. 2 in this $12 trillion market, generates more than 90% of its income domestically.

The company does own minority stakes in insurers in India, Taiwan and Australia, but these have yet to offer a meaningful offset to the decline at home. Dai-ichi has said it will use some of the IPO proceeds to fund overseas expansion, but it has yet to lay out a concrete plan. One idea, says Macquarie Research, is to raise its stake in Taiwan's **Shin Kong Financial Holdings**.

The worry about Dai-ichi doesn't end with its domestic business. At the end of December, stocks owned by Dai-ichi accounted for 10.9% of assets, high even by Japanese standards. The risk is that a sharp decline in share prices will eat a hole in Dai-ichi's balance sheet.

The tradeoff is that the stock will start trading Thursday with these shortcomings priced in. The shares will debut at 56% of embedded value—that is, the adjusted value of Dai-ichi's assets plus the value of future profits from policies already sold. That is below the corresponding percentages of other Japanese insurers, and well below those of rivals elsewhere in Asia. Property and casualty insurer Tokio Marine Holdings trades at 64% of net asset value, a comparable measure, Mitsubishi UFJ Securities says.

In Tokyo's informal "gray market," Dai-ichi shares were already valued as much as 5% above the listing price of 140,000 yen (about US$1,500), traders said. There may be some follow through, with the stock being added to Japan's Topix index in May. That is short-term stuff. To charm long-term investors, it must follow through on promised international expansion.

—Ayai Tomisawa and James Simms

Travel insurance

Top 10 Japan's outbound insurance deals* since 2000

Date	Target	Target nation	Acquirer	Deal value in millions
July 23, 2008	Philadelphia Consolidated	U.S.	Tokio Marine	$4,393
Dec. 13, 2007	Kiln	U.K.	Tokio Marine & Nichido Fire Insurance	903
April 19, 2006	Asia General	Singapore	Millea	552
Sept. 7, 2004	Aviva	Singapore	Mitsui Sumitomo Insurance	444
April 28, 2005	Real Seguros	Brazil	Tokio Marine & Nichido Fire Insurance	356
Aug. 8, 2008	Tower Australia (29.7%)	Australia	Dai-Ichi Mutual Life Insurance	342
April 22, 2005	Mingtai Fire & Marine Insurance	Taiwan	Mitsui Sumitomo Insurance	267
June 9, 2006	Shin Kong Financial (4.47%)	Taiwan	Dai-Ichi Mutual Life Insurance	215
Oct. 21, 2008	Shin Kong Financial (9.48%)	Taiwan	Dai-Ichi Mutual Life Insurance	193
May 20, 2009	Maritima Seguros (54.7%)	Brazil	Sompo Japan Insurance	159

* Exclude debt

Source: Dealogic

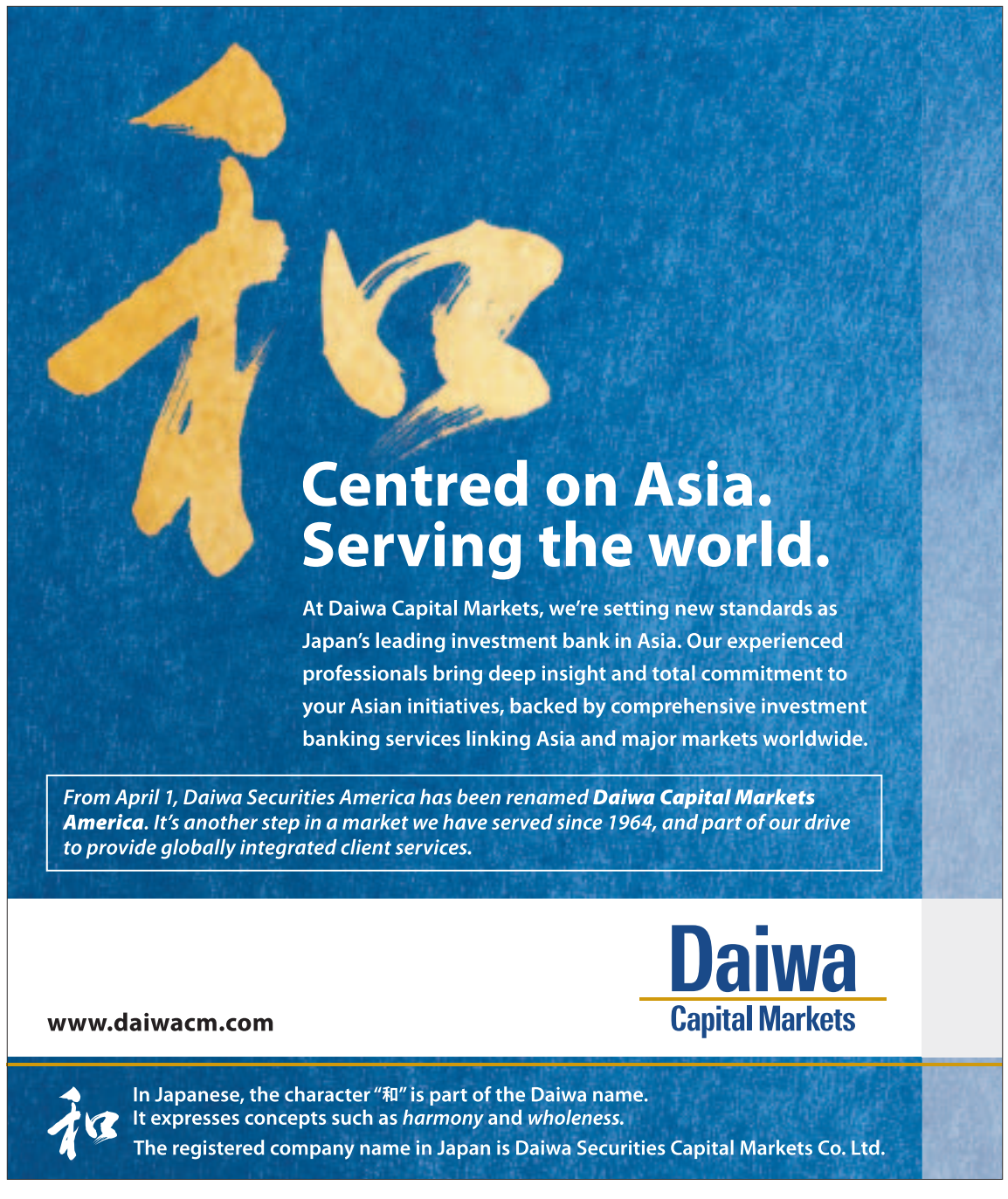
Peabody digs escape tunnel

When the White House says it wants to open up large sections of America's coastline for oil drilling, **Peabody Energy** knows what to do: Go digging for coal in Australia.

Peabody's unsolicited bid for Australian miner **Macarthur Coal** came late Tuesday, hours before President Barack Obama announced plans for more offshore drilling. Fresh from signing health-care overhaul into law, the president has another promise to deliver on: comprehensive carbon cap-and-trade legislation. It seems only a matter of time before it passes in some form. Over the long term, that is unambiguously bad for U.S. electricity generators that burn coal. They accounted for 81% of Peabody's coal sales in 2009.

Nine-tenths of Macarthur's sales consist of metallurgical coal, used for making steel. This week, Asian steelmakers agreed to price increases for iron ore, another key ingredient, of 80% or more. With demand like that on Macarthur's doorstep, and with UBS expecting the company to raise shipments 39% by June 2012, it is clear where growth lies for Peabody.

Mature businesses chasing growth often pay too much. Thus far, Peabody is playing a shrewd game. Its offer of 13 Australian dollars (US$12), a mere 10.5% premium to the one-month average price, won't set pulses racing. But it may be enough to persuade shareholders to vote down Macarthur's own bid for Gloucester Coal, in the hope of securing a higher bid for their own company. Given the seismic shifts in legislation and global trade propelling Peabody's strategy, that looks like a safe bet. *--Liam Denning*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